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TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1951

No. 180

KEROTEST MANUFACTURING COMPANY,
PETITIONER,

vs.

C-O-TWO FIRE EQUIPMENT COMPANY

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

PETITION FOR CERTIORARI FILED JULY 9, 1951.

CERTIORARI GRANTED OCTOBER 8, 1951

SUPREME COURT OF THE UNITED STATES

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[fol. 1]

APPENDIX TO BRIEF

IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF DELAWARE

Civil Action No. 1300

KEROTEST MANUFACTURING COMPANY, Plaintiff,

v.

C-O-TWO FIRE EQUIPMENT COMPANY, Defendant

DOCKET ENTRIES

1. Mar. 9, 1950. Complaint; summons issued (Exit papers to Marshal).
2. Mar. 10, 1950. Report to Commissioner of Patents mailed and copy filed.
3. Mar. 13, 1950. Marshal returns on summons marked "Served 3/9/50."
4. Mar. 18, 1950. Appearance of Arthur G. Connolly as counsel for defendant.
5. Mar. 25, 1950. Motion of defendant to stay, with affidavit of Adams, with certain exhibits attached.
6. Mar. 28, 1950. Defendant's motion for an extension of the time to answer until after Court's disposition of motion to stay.
- [fol. 2] 7. Mar. 29, 1950. Notice and Motion of plaintiff to file supplemental complaint with supplemental complaint attached; and plaintiff's motion for preliminary injunction, with affidavit of Rotish and certain exhibits attached.
8. Mar. 29, 1950. Hearing on defendant's motion for extension of time to answer until disposition of defendant's motion to stay and on plaintiff's motion to file supplemental complaint.
9. Mar. 29, 1950. Order, Rodney, J., granting an extension of time to defendant to answer herein until 10 days after determination by the Court of defendant's motion to stay.
10. Mar. 29, 1950. Order, Rodney, J., granting leave to plaintiff to file supplemental complaint, and defendant shall answer supplemental complaint 10 days after the Court's determination of defendant's motion to stay.

10. Apr. 18, 1950. Memo of plaintiff in support of its motion to stay and in opposition to plaintiff's motion for defendant to stay.

11. Apr. 18, 1950. Memo of defendant in support of its motion to stay and in opposition to plaintiff's motion for injunction.

H. Apr. 21, 1950. Hearing on motion of defendant for stay, and on motion of plaintiff for preliminary injunction.

12. Apr. 21, 1950. Reporter's notes of hearing on 4/21/50.

13. Apr. 28, 1950. Order denying motion of plaintiff for preliminary injunction and granting motion of defendant for a stay, etc. (Notice to counsel.)

[fol. 3] 14. Apr. 28, 1950. Plaintiff's notice of appeal. (Copy to counsel and Clerk, 3rd C. C. A.)

15. Apr. 29, 1950. Cash Bond on appeal in the sum of \$250.00 filed by plaintiff.

16. May 1, 1950. Reporter's transcript of Court's announcement at conclusion of hearing of April 21, 1950.

May 2, 1950. Exit Record on Appeal.

17. July 8, 1950. Mandate of 3rd C. C. A. affirming judgment of this Court, awarding costs to defendant and against plaintiff in sum of \$35.00.

18. July 21, 1950. Motion of plaintiff for preliminary injunction.

19. July 21, 1950. Notice and renewal of motion of defendant for a stay.

20. July 28, 1950. Memo of plaintiff on its motion for preliminary injunction and against defendant's motion to stay.

21. July 28, 1950. Memo of defendant in support of its motion for a stay and in opposition to plaintiff's motion for injunction.

H. July 28, 1950. Hearing on plaintiff's motion for preliminary injunction and on defendant's motion to stay.

22. July 31, 1950. Reporter's Notes of hearing on 7/28/50.

23. Aug. 1, 1950. Proposed Findings and Conclusions of defendant and form of Order.

24. Aug. 2, 1950. Proposed Findings and Conclusions of plaintiff.

[fol. 4] 25. Aug. 7, 1950. Comments of defendant on plaintiff's proposed Findings and Conclusions.

26. Aug. 10, 1950. Reply Memo of plaintiff on defendant's comments of plaintiff's proposed Findings and Conclusions.

27. Aug. 18, 1950. Opinion, Rodney, J., re motion of plaintiff for preliminary injunction, and on motion of defendant for a stay. (Notice to counsel.)

28. Aug. 18, 1950. Findings of Fact and Conclusions of Law re opinion on motion of plaintiff for preliminary injunction and on motion of defendant for a stay.

29. Sept. 5, 1950. Order granting motion of plaintiff for preliminary injunction, denying defendant's motion for stay and ordering defendant to answer within ten days. (Notice to Counsel.)

30. Sept. 8, 1950. Cash Bond in lieu of surety by plaintiff re preliminary injunction and as per order dated 9/5/50.

31. Sept. 11, 1950. Petition of plaintiff and Order directing Clerk to draw check on Registry in sum of \$250.00, which represents return of cash deposited in lieu of Cost Bond. (Exit Reg. Ck. No. 1241.)

32. Sept. 11, 1950. Notice of Appeal by defendant from order dated 9/5/50. (Notice to 3rd C. C. A. and Counsel.)

33. Sept. 11, 1950. Cost Bond on Appeal of defendant.

34. Sept. 11, 1950. Designation of Record on Appeal of defendant.

[fol. 5] 35. Sept. 13, 1950. Motion of defendant for extension of time to Answer and proposed order.

H. Sept. 15, 1950. Hearing on motion of defendant for extension of time to answer.

36. Sept. 15, 1950. Order Rodney J., extending time for defendant to answer until 10 days after determination by 3rd C. C. A. of appeal.

Sept. 27, 1950. Exit record on appeal.

IN UNITED STATES DISTRICT COURT

COMPLAINT—March 9, 1950

1. This Court has jurisdiction in the premises by virtue of the provisions of Title 28 U. S. C., Sections 1332, 1391 and 2201. There is diversity of citizenship between the

parties and the amount in controversy exceeds \$3,000.00 exclusive of interest and costs.

2. The plaintiff, Kerotest Manufacturing Company, hereinafter called "Kerotest," is a Pennsylvania corporation, having its offices at Pittsburgh, Pennsylvania. The defendant, C-O-Two Fire Equipment Company, hereinafter called "C-O-Two," is a Delaware corporation, having offices at Newark, New Jersey.

3. Kerotest is and for some time past has been engaged in the manufacture of industrial valves. Among others, it has manufactured and sold valves designated as "Type X-81." A drawing of the Type X-81 valve forms Exhibit A of this Complaint. It has also made and sold valves designated as "Type C-24." A drawing of the Type C-24 valve forms Exhibit B of this Complaint.

4. On August 19, 1947, United States Letters Patent 2,425,779 issued to C-O-Two as the assignee of Frank B. Allen. A copy of Patent 2,425,779 forms Exhibit C of this Complaint. On August 23, 1949, Patent 2,425,779 was reissued [fol. 6] to C-O-Two as Patent Re. 23,142. A copy of Patent Re. 23,142 forms Exhibit D of this Complaint. On November 23, 1948, United States Letters Patent 2,454,621 issued to C-O-Two as assignee of Frank B. Allen. A copy of Patent 2,454,621 forms Exhibit E of this Complaint.

5. Shortly after the issuance of Patents 2,425,779 and 2,454,621, C-O-Two charged Kerotest with infringement of said patents. Kerotest denied infringement, asserted that the patents are invalid and invited C-O-Two to bring suit for infringement against Kerotest so that the questions of validity and infringement might be judicially determined, but C-O-Two has never brought suit against Kerotest.

6. On August 29, 1949, C-O-Two brought suit in the United States District Court for the Eastern District of Michigan against The General Detroit Corporation, Docket No. 8422, charging infringement of Patents Re. 23,142 (2,425,779) and 2,454,621. The General Detroit Corporation is a customer of Kerotest and has purchased from it valves of the form shown in Exhibit A of this Complaint. Those valves are the subject matter of the infringement suit against The General Detroit Corporation.

7. On January 17, 1950, C-O-Two brought suit against

Acme Equipment Co., Inc., in the United States District Court for the Northern District of Illinois, Eastern Division, Civil Action No. 50C75, charging infringement of Patents Re. 23,142 (2,425,779) and 2,454,621. Acme Equipment Co., Inc. is a customer of Kerotest and has purchased from it valves of the form shown in Exhibit A of this Complaint. Those valves are the subject matter of the infringement suit against Acme Equipment Co., Inc.

8. C-O-Two has represented to a customer or customers of Kerotest that the Type C-24 valve shown in Exhibit B of this Complaint infringes C-O-Two's patents.

[fol. 7] 9. C-O-Two has interfered with, and threatens to continue to interfere with, Kerotest's commercial exploitation of Type X-81 and Type C-24 valves, well-knowing that it has no real or substantial grounds for so doing.

10. On November 5, 1942, said Frank B. Allen filed an application in the United States Patent Office, Serial No. 464,686, which application was assigned to C-O-Two. The disclosure of application 464,686 was the same to all intents and purposes as what was subsequently disclosed in Patent 2,454,621 and its claims were addressed to the same subject matter subsequently claimed in Patent 2,454,621. The Patent Office held that the claims contained in application 464,686 were unpatentable in view of the disclosures of Axtell et al. Patent 2,208,490 and Towart Patent 2,258,869. An appeal to the Court of Customs and Patent Appeals was taken and prosecuted. The Court of Customs and Patent Appeals affirmed the Patent Office; *Application of Allen*, 166 F. 2d 184, decided February 10, 1948. On May 13, 1948, C-O-Two filed an application, Serial No. 26,811, which eventuated in Patent 2,454,621. The examiner in charge of that application failed to find or cite the Towart patent upon which application 464,686 had been rejected and C-O-Two wrongfully withheld the facts from said examiner with the result that Patent 2,454,621 improvidently issued with claims not patentably different from those which had been held unpatentable in the proceedings on application 464,686.

The alleged invention claimed as new in Patent 2,454,621, or all material and substantial parts thereof, were described or patented in and by various patentees prior to the supposed invention thereof by Frank B. Allen, or more

than one year prior to any filing date to which he may lawfully be entitled, in the following United States Patents:

[fol. 8]

Patentee	Number	Issue Date	Filing Date
Conrad R. Buckst	1,856,372	May 3, 1932	May 31, 1928
Reuben Wedeberg	1,974,479	Sept. 25, 1934	May 22, 1933
W. G. Axtell and R. E. Fraseur	2,208,490	July 16, 1940	Oct. 24, 1938
Archie Towart, Jr.	2,258,869	Oct. 14, 1941	Mar. 3, 1938
Archie Towart, Jr.	Re. 22,045	Mar. 3, 1942	Dec. 13, 1941

and Patent 2,454,621 is accordingly invalid.

11. The alleged invention claimed as new in Patent Re. 23,142 (2,425,779), or all material and substantial parts thereof, were described or patented in and by various patentees prior to the supposed invention thereof by Frank B. Allen, or more than one year prior to any filing date to which he may lawfully be entitled, in the following United States Patents:

Patentee	Number	Issue Date	Filing Date
Joseph W. Gibney	1,218,252	Mar. 6, 1917	Oct. 18, 1915
Reuben Wedeberg	1,974,479	Sept. 25, 1934	May 22, 1933
Wm. A. V. Thomsen	2,317,422	April 27, 1943	Dec. 31, 1941

and Patent Re. 23,142 is accordingly invalid.

Patent Re. 23,142 is invalid because of prior public use and sale by Kerotest, more than one year prior to any filing date to which said Frank B. Allen may lawfully be entitled, of valves embodying all material and substantial parts of the subject matter claimed in said Patent Re. 23,142.

Patent Re. 23,142 is invalid for the reason that there was no inadvertence, accident or mistake justifying the reissue of Patent 2,425,779.

[fol. 9] 12. By reason of facts herein recited there is a genuine controversy between the parties, and Kerotest is in need of equitable relief.

Plaintiff therefore prays:

A. For preliminary and permanent injunctions enjoining C-O-Two and all others acting by or under its authority from threatening or intimidating customers of Kerotest with charges of patent infringement by reason of the use or sale by said customers of Type X-81 valves or Type C-24 valves;

B. For preliminary and permanent injunctions enjoining C-O-Two from filing or prosecuting infringement actions

against customers of Kerotest by reason of their use or sale of Type X-81 valves or Type C-24 valves;

C. For a declaratory judgment that Patents Re. 23,142 (2,425,779) and 2,454,621 are severally invalid and are not infringed by Type X-81 valves or Type C-24 valves.

D. That plaintiffs may have judgment for costs.

E. That such other and further relief may be granted to the plaintiffs as the equity of this case may require and to the Court may seem meet and proper.

Richards, Layton & Finger, By Aaron Finger, 4072 DuPont Building, Wilmington, 41, Delaware, Attorneys for Plaintiff.

Smith, Buchanan & Ingersoll, 1025 Union Trust Building, Pittsburgh 19, Pennsylvania. Blenko, Hoopes, Leonard & Glenn, 1319 Farmers Bank Building, Pittsburgh 22, Pennsylvania. Of Counsel.

March 9, 1950.

Note: The exhibits to the complaint are not reproduced in this appendix.

[fol. 10] IN UNITED STATES DISTRICT COURT

MOTION FOR A STAY—March 24, 1950

Now comes the defendant C-O-Two Fire Equipment Company by its attorney, Arthur G. Connolly, and moves this Honorable Court for an order staying further proceedings in this action until 19 days after final determination of an action in the United States District Court for the Northern District of Illinois, Eastern Division (Civil Action 50 C 75) wherein the present defendant C-O-Two Fire Equipment Company is plaintiff and present plaintiff Kerotest Manufacturing Company and another, Acme Equipment Company, are defendants.

Grounds

The grounds for this motion are:

1. That said action of the United States District Court, Northern District of Illinois, was commenced January 17,

1950, prior to the commencement on March 9, 1950 of the present action.

2. That both the present plaintiff and present defendant are parties to said action in the Northern District of Illinois.

3. That all issues raised by plaintiff in the present action are raised or can be raised in said action in the Northern District of Illinois.

4. That all issues now presented in or presentable in the present action will be rendered res judicata by the entry of the final judgment in said action in the Northern District of Illinois.

5. Said action in the Northern District of Illinois has been set for trial before Judge Loe on June 9, 1950.

[fol. 11] 6. That duplicate pleadings and proceedings in the instant case would be an unnecessary and expensive burden on C-O-Two Fire Equipment Company, the defendant herein.

7. That said action in the Northern District of Illinois includes as a defendant Acme Equipment Company which is not subject to the jurisdiction of this Court and that said action in the Northern District of Illinois is therefore the only action in which the rights of all the parties can be adjudicated.

(S.) Arthur G. Connolly, Attorney for Defendant,
228 Delaware Trust Building, Wilmington 28,
Delaware.

Dated: March 24, 1950.

Affidavit of R. Morton Adams

STATE OF NEW YORK,

County of New York, ss:

R. MORTON ADAMS, being duly sworn, deposes and says:

I am a member of the firm of Pennie, Edmonds, Morton and Barrows, 247 Park Avenue, New York, New York and am counsel for C-O-Two Fire Equipment Company, defendant, in the above-entitled action.

The action was filed and served March 9, 1950. It involves the validity of defendant's patents Re. 23,142 and 2,454,621 and also the question of infringement by the

manufacture and sale of fire extinguisher valves by plaintiff, Kerotest Manufacturing Company. No Answer has been filed.

[fol. 12] On January 17, 1950, C-O-Two Fire Equipment Company filed an action in United States District Court for the Northern District of Illinois, Eastern Division, (Civil Action No. 50 C 75) against Acme Equipment Company, a corporation of Illinois, charging infringement of the same patents, namely, Re. 23,142 and 2,454,621 by virtue of the manufacture and sale of fire extinguisher valves. A copy of the Complaint in said action is annexed hereto as Exhibit A. The claim includes such infringing valves as may have been purchased from Kerotest Manufacturing Company as well as any other infringing valves.

The Complaint in said Chicago action (Civil Action No. 50 C 75) was served January 23, 1950. Although defendant's time to answer therein has been extended by stipulation, said action has been set for trial on June 9, 1950 before Judge Igoo. Pursuant to notice under the Federal Rules of Civil Procedure, depositions are set to be taken in Chicago in said action on April 10, 1950.

Kerotest Manufacturing Company, in the instant Complaint, alleges that the valves charged to infringe in the Chicago action against Acme Equipment Company were made by it and implies that said action is an unwarranted interference with one of its customers, but Kerotest Manufacturing Company made no effort or attempt to intervene in that case to challenge validity or infringement or to assert that C-O-Two Fire Equipment Company was interfering with its customers as now for the first time alleged.

On March 22, 1950, after the foregoing allegations by Kerotest Manufacturing Company in the instant case, C-O-Two Fire Equipment Company amended the Complaint in said Chicago action (Civil Action 50 C 75) to include Kerotest Manufacturing Company as a defendant. A copy of the Amendment to the Complaint is annexed hereto as Exhibit B.

Said Amended Complaint, including both Acme Equipment Company and Kerotest Manufacturing Company as [fol. 13] defendants, charges infringement not only by the manufacture, use or sale of such valves as may have been purchased by Acme Equipment Company from Kerotest

Manufacturing Company, but also includes any other infringing valves which may have been made, used or sold by Acme Equipment Company and any other infringing valves which may have been manufactured, used or sold by Kerotest Manufacturing Company, and Kerotest Manufacturing Company is afforded an opportunity to assert by counterclaim any claims it may have against C-O-Two Fire Equipment Company. All issues which are before this Court in the instant action are, therefore, presented or presentable in the earlier filed action in Chicago.

In its Complaint in the instant action, Kerotest Manufacturing Company refers not only to the Acme Equipment Company action in Chicago but also to another action which was brought by C-O-Two Fire Equipment Company against The General Detroit Corporation in the United States District Court for the Eastern District of Michigan. Kerotest Manufacturing Company alleges in its present Complaint that in said action against The General Detroit Corporation, as well as in the action against Acme Equipment Company, valves charged as infringements were purchased from Kerotest Manufacturing Company.

I was counsel for C-O-Two Fire Equipment Company in said action against The General Detroit Corporation. Said action was begun August 29, 1949 and was terminated by Consent Judgment on January 17, 1950, prior to the time when Kerotest Manufacturing Company commenced the instant action. Prior to settlement of that action, I was advised by counsel for The General Detroit Corporation that Kerotest Manufacturing Company was under obligation to indemnify The General Detroit Corporation with respect to the alleged infringement and that The General Detroit Corporation had brought to the attention of [fol. 14] Kerotest Manufacturing Company the pendency of said action and the claim of The General Detroit Corporation for indemnity from Kerotest Manufacturing Company. Kerotest Manufacturing Company, however, insofar as I am aware, made no attempt to appear in said action to assert patent invalidity or non-infringement or to assert that C-O-Two Fire Equipment Company was interfering with its customers as now alleged in the instant action. On November 11, 1949, The General Detroit Corporation filed an Answer, joining issue as to validity and infringement

and on January 17, 1950, consented to entry of judgment holding said patents valid and infringed; paid a large sum in settlement of past infringement and acquired a royalty-paying license for the future. A copy of said Final Judgment is hereto annexed as Exhibit C.

(S.) R. Morton Adams.

Subscribed and sworn to before me this 24th day of March, 1950. (S.) Caroline S. Rorke, Notary Public, State of New York. Qualified in Westchester Co. No. 60-3341600. Certificates filed in N. Y. County Clerk's Office and Westchester and N. Y. Register's Offices. Term Expires March 30, 1951.

[fol. 15]

EXHIBIT "A" TO AFFIDAVIT

IN THE DISTRICT COURT OF THE UNITED STATES, FOR THE
NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

Civil Action No. 50 C 75

C-O-TWO FIRE EQUIPMENT COMPANY, Plaintiff,

v.

ACME EQUIPMENT COMPANY, Defendant

COMPLAINT

Plaintiff, a Delaware corporation, complaining of Defendant, an Illinois corporation, alleges:

1. This is an action for infringement by Defendant of Letters Patent of the United States owned by the Plaintiff and arises under the Patent Laws of the United States.

2. Plaintiff is engaged inter alia in the manufacture and sale of carbon dioxide fire extinguisher equipment, including Squeeze Grip Valve and Discharge Head patented in the United States, Letters Patent Reissue No. 23,142 (original 2,425,779) and 2,454,621, which patents are owned by Plaintiff and were regularly and duly issued by the United States Patent Office.

3. Defendant within the past six (6) years has been

and is now infringing the aforesaid Letters Patent by [fol. 16] making and causing to be made and selling and using squeeze grip valves and discharge heads for portable carbon dioxide fire extinguishers embodying the aforesaid patented inventions within the Northern District of Illinois, Eastern Division, and elsewhere in the United States and intends to continue so to do.

4. Plaintiff has given notice to Defendant of its said infringement in accordance with Title 35, U. S. Code, Section 49.

Wherefore, Plaintiff demands an injunction against Defendant and those controlled by it enjoining them from further infringement of said Letters Patent and compensation for said infringement and assessment of costs against Defendant including reasonable attorneys fees.

C-O-Two Fire Equipment Company, by (S.) Casper W. Ooms, 209 S. LaSalle St., Chicago 4, Ill., Its Attorney.

(S.) Pennie, Edmonds, Morton & Barrows, 247 Park Avenue, New York, New York, Of Counsel.

[fol. 17]

EXHIBIT "B" TO AFFIDAVIT

IN THE UNITED STATES DISTRICT COURT, FOR THE NORTHERN
DISTRICT OF ILLINOIS, EASTERN DIVISION

Civil Action No. 50 C 75

C-O-Two FIRE EQUIPMENT COMPANY, Plaintiff,

v.

ACME EQUIPMENT COMPANY and KEROTEST MANUFACTURING
COMPANY, Defendants

AMENDMENT OF COMPLAINT 4

Plaintiff, amending its Complaint herein, alleges in addition to the allegations of the Complaint, as follows:

1. Defendant Kerotest Manufacturing Company is a corporation of Pennsylvania and is qualified to do business

in the State of Illinois at 568 West Randolph Street, Chicago.

2. The squeeze-grip valves and discharge heads for portable carbon dioxide fire extinguishers, or parts thereof alleged in the Complaint to have been caused to be made and to have been sold and used by defendant Acme Equipment Company were made for and sold to defendant Acme Equipment Company by defendant Kerotest Manufacturing Company.

[fol. 18] 3. Upon information and belief, defendant Kerotest Manufacturing Company agreed to indemnify and hold harmless defendant Acme Equipment Company on account of any charge of patent infringement arising out of the manufacture, use or sale of said valves or discharge heads or of fire extinguishers embodying the same.

4. Defendant Kerotest Manufacturing Company has infringed and is now infringing and threatens to continue to infringe, plaintiff's Letters Patent identified in the Complaint by making, using and selling the aforesaid valves and discharge heads and other squeeze-grip valves and discharge heads for portable carbon dioxide fire extinguishers embodying the inventions patented in said Letters Patent.

5. Plaintiff has given notice to defendant, Kerotest Manufacturing Company of its said infringement in accordance with Title 35, U. S. C., Section 49.

Wherefore, plaintiff demands that relief as already prayed for be granted not only against defendant Acme Equipment Company but also against defendant Kerotest Manufacturing Company.

By (S.) Casper W. Ooms, 209 South LaSalle Street, Chicago 4, Illinois, Attorney for Plaintiff.

Note: Exhibit C of Adams' affidavit is not reproduced in this appendix.

[fol. 19] IN UNITED STATES DISTRICT COURT

NOTICE OF MOTION—March 29, 1950

To Arthur G. Connolly, Esquire, Attorney for Defendant:

Please take notice that the undersigned will bring the annexed motions on for hearing before this Court at 2:15

P.M. on this Twenty-ninth day of March, 1950, or as soon thereafter as counsel can be heard.

Aaron Finger, Attorney for Plaintiff.

March 29, 1950.

IN UNITED STATES DISTRICT COURT—March 29, 1950

MOTION FOR LEAVE TO FILE SUPPLEMENTAL COMPLAINT

Pursuant to Civil Rule 15(d), the plaintiff moves for leave to file the attached supplemental complaint setting forth events which have happened since the date of the original complaint herein.

Richards, Layton & Finger. By Aaron Finger, 4072 DuPont Building Wilmington 41, Delaware, Attorneys for Plaintiff.

Smith, Buchanan & Ingersoll, 1025 Union Trust Building, Pittsburgh 19, Pennsylvania, Blenko, Hoopes, Leonard & Glenn, 1319 Farmers Bank Building, Pittsburgh 22, Pennsylvania, Of Counsel.

March 29, 1950.

[fol. 20] IN UNITED STATES DISTRICT COURT

SUPPLEMENTAL COMPLAINT—March 29, 1950

For its supplemental complaint herein Kerotest says:

13. The complaint herein was filed and served upon C-O-Two on March 9, 1950. Subsequent thereto, on March 22, 1950, C-O-Two amended its complaint in the Chicago action (Civil Action 50 C 75) referred to in paragraph 7 of the complaint so as (a) to allege specifically that the structures complained of therein were made and sold by Kerotest and (b) to name Kerotest as a party defendant. There was no change in the venue position of Kerotest in the Northern District of Illinois, Eastern Division, since on or prior to January 17, 1950, the filing date of the Chicago action; that is to say, C-O-Two had as good grounds on January 17, 1950, when it filed the Chicago complaint, for

asserting that the District Court in Chicago had venue jurisdiction over Kerotest as it had on March 22, 1950, when it amended the Chicago complaint. Kerotest therefore avers (a) that C-O-Two elected not to join Kerotest as a party defendant to the Chicago action when it filed the same on January 17, 1950; (b) that this Court was and is the first to obtain jurisdiction of the parties and the issues; and (c) that C-O-Two has amended its complaint in the Chicago action as aforesaid solely because of the commencement of this action and in an attempt to escape an adjudication by this Court.

Kerotest makes the following additional prayer:

B(1). For preliminary and permanent injunctions enjoining C-O-Two from prosecuting the aforesaid Chicago action, either as against Kerotest alone, or generally, as this Court may deem just and proper.

Richards, Layton & Finger. By Aaron Finger, 4072 DuPont Building, Wilmington 41, Delaware, Attorneys for Plaintiff.

[fol. 21] Smith, Buchanan & Ingersoll, 1025 Union Trust Building, Pittsburgh 19, Pennsylvania.

Blenko, Hoopes, Leonard & Glenn, 1319 Farmers Bank Building, Pittsburgh 22, Pennsylvania, of Counsel.

March 29, 1950.

IN UNITED STATES DISTRICT COURT

MOTION FOR PRELIMINARY INJUNCTION—March 29, 1950

The plaintiff moves for a preliminary injunction pursuant to Prayer B(1) of its supplemental complaint herein.

The grounds for this motion are:

(1) As set forth in the supplemental complaint, C-O-Two, subsequent to the filing of the complaint herein, has amended its complaint against Acme Equipment Company (see paragraph 7 of the original complaint herein) so as to join Kerotest as a party defendant.

(2) This Court was and is the first to obtain jurisdiction of the parties and the issues.

(3) In the circumstances Kerotest is entitled as a matter

of law to an injunction which will protect it against the harassment of a multiplicity of suits.

(4) C-O-Two has stated in a pending "Motion for a Stay" (which Kerotest will oppose) that the Chicago action "has been set for trial before Judge Igoe on June 9, 1950." In the affidavit of R. Morton Adams. (p. 2) accompanying said motion for stay, it is stated that "Pursuant to notice under [fol. 22] the Federal Rules of Civil Procedure, depositions are set to be taken in Chicago in said action on April 10, 1950." The notice of depositions and the setting for trial presumably occurred before the Chicago complaint was amended to include Kerotest as a party defendant; in any event such actions were taken without notice to Kerotest and without any opportunity for it to be heard.

Filed herewith is an affidavit of S. J. Roush, President of Kerotest.

Richards, Layton & Finger, by Aaron Finger, 4072 DuPont Building, Wilmington '41, Delaware, Attorneys for Plaintiff.

Smith, Buchanan & Ingersoll, 1025 Union Trust Building, Pittsburgh 19, Pennsylvania; Blenko, Hoopes, Leonard & Glenn, 1319 Farmers Bank Building, Pittsburgh 22, Pennsylvania; of Counsel.

March 29, 1950.

[fol. 23]

Affidavit of S. J. Roush

COMMONWEALTH OF PENNSYLVANIA,
County of Allegheny, ss:

S. J. Roush, being duly sworn, deposes and says:

1. I am President of Kerotest Manufacturing Company, plaintiff in the above-entitled action.
2. Kerotest Manufacturing Company has not directed or controlled, and does not direct or control, the defense in the suit brought by C-O-Two Fire Equipment Company on January 17, 1950 against Acme Equipment Company in the United States District Court for the Northern District of Illinois, Eastern Division (Civil Action No. 50 C 75). On the contrary, instead of attempting to enter into the pending

suit against Acme Equipment Company, the Kerotest Manufacturing Company has brought suit in this Court for declaratory judgment.

3. Kerotest Manufacturing Company took no part in the suit brought by C-O-Two Fire Equipment Company against The General Detroit Corporation, and was not consulted by The General Detroit Corporation with respect to the settlement of the suit. Kerotest Manufacturing Company has consistently denied that it is under any obligation to indemnify The General Detroit Corporation for infringement alleged in the said suit, contrary to the assertion of counsel for The General Detroit Corporation set forth on page 3 of the affidavit of R. Morton Adams which accompanies a pending "Motion for a Stay" by the defendant in the above-entitled action.

4. Attached hereto is a photostat of the Summons and "Amendment of Complaint" that was served upon Kerotest Manufacturing Company in said Civil Action 50 C 75. No copy of the original complaint was served.

5. Kerotest Manufacturing Company has been continuously registered to do business in Illinois and has continuously maintained its Chicago office, since at least 1940.

(Signed) S. J. Roush.

Subscribed and sworn before me this 28 day of March, 1950. Jane H. Keith, Notary Public. My Commission Expires Jan. 4, 1953.

Note: Exhibits of Roush affidavit are not reproduced in this appendix.

[fol. 25] IN UNITED STATES DISTRICT COURT.

ORDER DENYING MOTION FOR PRELIMINARY INJUNCTION AND GRANTING MOTION FOR STAY—April 28, 1950

And Now, to Wit, this twenty-eighth day of April, 1950, plaintiff (hereinafter called "Kerotest") having moved for a preliminary injunction enjoining defendant (hereinafter called "C-O-Two") from prosecuting either against Kerotest alone or generally an action (hereinafter called the "Chicago Suit") now pending in the United States

District Court for the Northern District of Illinois, Eastern Division (Civil Action, No. 50075), wherein originally Acme Equipment Co., Inc. (hereinafter called "Acme") was and still is the defendant and C-O-Two is the plaintiff, and C-O-Two having moved for an order staying further proceedings in this action until ten days after final determination of the Chicago suit, and the Court having studied the affidavits and exhibits submitted by the parties in support of their respective motions, and having maturely considered the briefs and arguments of the attorneys for said parties, and having found the following facts and conclusions of law, pursuant to Rule 52(a):

Findings of Fact

1. On January 17, 1950, C-O-Two commenced the Chicago Suit against Acme, an Illinois corporation. Acme has appeared therein, and is subject to the jurisdiction of the court. That action involves the same patents as are here in issue, namely, defendant's Reissue No. 23,142 and No. 2,454,621. Some, but not all, of the structures accused as infringements in that action were manufactured by Kerotest and sold to Acme for use in portable fire extinguishers of a type competitive with those manufactured and sold by C-O-Two.

2. The Chicago suit was set for trial June 9, 1950 before steps had been taken to make Kerotest a party, and still is set for trial on that date.

[fol. 26]. 3. Kerotest did not offer to defend Acme nor did it attempt to intervene in said case.

4. On March 9, 1950, Kerotest commenced the present action, being fully aware at the time of the pendency of the Chicago suit against its customer and the fact that it involved the same patents and the same accused structures.

5. On March 22, 1950, no answer having been served in the Chicago suit, C-O-Two filed therein an amendment to its complaint for the purpose of joining Kerotest as a co-defendant with Acme. Kerotest is licensed to do business in Illinois and has a resident agent in Chicago. Kerotest has been served with a copy of said amendment but contends before this Court that it is a nullity.

6. Kerotest has been granted an extension of time to move or plead in the Chicago suit until May 3, 1950. As yet it has filed no motion or pleading therein.

7. Acme has moved in the Chicago suit to stay its further prosecution until after final adjudication of the present action. That motion at the time of this Court's decision was awaiting decision by Judge Igooe.

Conclusions of Law

1. This Court has jurisdiction over the parties and the subject matter of the present action.

2. All issues before this Court in this action are before, or may be brought before, the United States District Court for the Northern District of Illinois.

[fol. 27] 3. Under the controlling authority of *Triangle Conduit & Cable Co. v. National Electric Products Corp.*, 125 F. (2d) 1008 (3 Cir., 1942), this Court could not enjoin C-O-Two from seeking a final adjudication against Acme in the Chicago suit. Inasmuch as the Chicago suit was commenced before the present one, it would be an abuse of discretion to enjoin its prosecution by C-O-Two, even if this Court were permitted to do so.

4. Inasmuch as the Chicago suit is scheduled for early trial, it would be more economical of judicial time for Kerotest to contest the issues therein as a co-defendant, rather than to take the time of this Court in duplicate litigation. Kerotest does not have a vested right to have its cause tried by one judge rather than by another of equal jurisdiction. *Crosley Corp. v. Hazeltine Corp.*, 122 F. (2d) 925, 930 (3 Cir., 1941).

For the reasons mentioned above, it is

Ordered that plaintiff's motion for a preliminary injunction to enjoin C-O-Two from prosecuting the Chicago suit be and the same hereby is denied; and defendant's motion for a stay of proceedings in this action be and the same hereby is granted for a period of ninety days from the date hereof, the disposition of each of said motions being without prejudice to the right of either or both parties to renew said motions at the expiration of the aforesaid ninety-day period.

Leahy, Ch. J.

[fol. 28] IN UNITED STATES DISTRICT COURT

TRANSCRIPT OF ORAL ANNOUNCEMENT BY THE DISTRICT JUDGE
AT THE CONCLUSION OF THE HEARING ON APRIL 21, 1950

Before Hon. Paul Leahy, Chief Judge, U. S. District Court

(At the close of argument in this case the Court made the following announcement:)

I conclude to grant defendant's motion for a stay. Plaintiff's motion for an injunction will be denied.

An appropriate order should be submitted staying the action for a period of ninety days. Defendant should submit proposed findings of fact pursuant to Rule 52 (a) for the denial of the preliminary injunction.

IN UNITED STATES DISTRICT COURT

MOTION FOR PRELIMINARY INJUNCTION—July 21, 1950

The plaintiff ("Kerotest") moves for a preliminary injunction restraining the defendant ("C-O-Two") from proceeding against Kerotest (and only Kerotest) in Civil Action 50 C 75 in the United States District Court for the Northern District of Illinois, Eastern Division ("the Chicago action").

This motion is made consonant with (a) the order of this Court entered the twenty-eighth day of April, 1950, denying Kerotest's earlier motion for a preliminary injunction but without prejudice to the right of Kerotest to renew its motion at the expiration of the ninety day period provided in the order, and (b) the opinion of the Court of Appeals dated June 16, 1950, on Appeal No. 10,200.

[fol. 29] Grounds:

1. On May 29, 1950, the Court in Chicago entered an order *nunc pro tunc*, with effective date of March 24, 1950, adjudging Kerotest to be a party to the Chicago action as of March 24, 1950. A copy of the order is attached. This action was commenced March 9, 1950. This Court was ac-

cordingly the first to obtain jurisdiction over the subject matter *and* the parties.

2. Under the authority of the decisions cited by the Court of Appeals in its opinion herein, C-O-Two should be enjoined from proceeding against Kerotest in the Chicago action. The injunction sought is for the purpose of restraining C-O-Two from proceeding against Kerotest (and only Kerotest) in the Chicago action.

3. Kerotest had to appear generally in the Chicago action, file an answer therein and accept a trial date therein, in order to preserve its status. But Kerotest has not in any way relinquished its contention that the controversy should be adjudicated in this Court, which was the first to obtain jurisdiction over the issues *and* the parties.

Respectfully submitted, Richards, Layton & Finger,
by Aaron Finger, 4072 DuPont Building, Wilmington 41, Delaware, Attorneys for Plaintiff.

Smith, Buchanan & Ingersoll, 1025 Union Trust Building, Pittsburgh 19, Pennsylvania; Blenko, Hoopes, Leonard & Glenn, 1319 Farmers Bank Building, Pittsburgh 22, Pennsylvania, of Counsel.

July 21, 1950.

[fol. 30] EXHIBIT TO MOTION FOR PRELIMINARY INJUNCTION

Order Nunc Pro Tunc

IN THE DISTRICT COURT OF THE UNITED STATES FOR THE
NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

Civil Action No. 50 C 75

C-O-TWO FIRE EQUIPMENT COMPANY, Plaintiff,

vs.

ACME EQUIPMENT COMPANY and KEROTEST MANUFACTURING
COMPANY, Defendants

It is hereby ordered, adjudged and decreed that Kerotest Manufacturing Company be made a Party Defendant. The

effective date of this Order Nunc Pro Tunc being March 24, 1950.

(Signed) Igoe, Judge Michael Igoe.

May 29, 1950.

Approved as to Form: (Signed) Casper Ooms, Attorney for Plaintiff. (Signed) Brown, Jackson, Boet-
tcher & Dienner, Attorneys for Defendant.

[fol. 31] IN UNITED STATES DISTRICT COURT

NOTICE—July 21, 1950

Please take notice that the attached motion for a stay herein will be brought on for hearing before the Court at the United States Court House in Wilmington, Delaware, at 10:30 A. M. (D. S. T.) on Friday, July 28, 1950, or as soon thereafter as counsel may be heard.

(S.) Arthur G. Connolly, Attorney for Defendant,
228 Delaware Trust Building, Wilmington, Delaware.

July 21, 1950.

To:

Aaron Finger, Esquire, Richards, Layton & Finger, 4072
Du Pont Building, Wilmington, Delaware.

IN UNITED STATES DISTRICT COURT

RENEWAL OF MOTION FOR A STAY—July 21, 1950

Now comes the defendant C-O-Two Fire Equipment Company by its attorney, Arthur G. Connolly, and pursuant to the order entered herein April 28, 1950 granting a stay for a period of ninety days without prejudice to the right of defendant to renew its motion at the expiration of the ninety-day period, moves for an order staying further proceedings in this action until ten days after final determination of an action in the United States District Court for the Northern District of Illinois, Eastern Division (Civil Ac-

tion 50 C 75) wherein the present defendant C-O-Two Fire Equipment Company is plaintiff and present plaintiff Kerotest Manufacturing Company and another, Acme Equipment Company, are defendants.

[fol. 32]

GROUND S

In support of the present motion, defendant relies on:

1. The grounds set forth in its motion for a stay dated March 24, 1950, which grounds are incorporated herein by reference.

2. Additional facts which have transpired since the original motion, as set forth in the affidavit of R. Morton Adams, namely:

a. A motion made by Acme Equipment Company, the original defendant in Civil Action No. 50 C 75 in the District Court of the United States for the Northern District of Illinois, Eastern Division, for a stay of that action pending the determination of the instant action was denied April 21, 1950.

b. The motion of Kerotest Manufacturing Company to quash service and to dismiss the said complaint as to it was denied on May 26, 1950.

c. At the time the Court denied Kerotest's motion to quash, trial date was reset by agreement to September 28, 1950.

d. Kerotest Manufacturing Company entered a general appearance in said action and on June 19, 1950, filed its answer joining issue.

(S.) Arthur G. Connolly, Attorney for Defendant,
228 Delaware Trust Bldg., Wilmington 28, Delaware.

Dated: July 21, 1950.

[fol. 33] Affidavit of R. Morton Adams

STATE OF NEW YORK,
County of New York, ss.:

R. MORTON ADAMS, being duly sworn, deposes and says:

I am counsel for C-O-Two Fire Equipment Company, defendant herein and made an affidavit in support of a motion for a stay, dated March 24, 1950. The purpose of the present affidavit is to set forth events which have occurred since that date.

On April 21, 1950, the motion of Acme Equipment Company, defendant in Civil Action 50 C-75 in the United States District Court for the Northern District of Illinois, Eastern Division, wherein C-O-Two Fire Equipment Company is plaintiff and present plaintiff Kerotest Manufacturing Company and Acme Equipment Company are defendants, for a stay pending determination of the instant action was denied.

On May 26, 1950, the motion of Kerotest Manufacturing Company in said action for an order quashing service and dismissing said complaint as to it was denied.

At the same time, the case which had been set for trial on June 9, 1950 was reset by agreement for trial on September 28, 1950.

Thereafter, Kerotest Manufacturing Company entered a general appearance and on June 19, 1950, filed an answer joining issue.

(S.) R. Morton Adams.

Subscribed and sworn to before me this 29th day of June, 1950. (S.) Caroline S. Rorke, Notary Public, State of New York. Qualified in Westchester Co. No. 60-3341600. Certificates filed in N. Y. County Clerk's Office and Westchester and N. Y. Register's Offices. Term Expires March 30, 1951. (Seal.)

[fol. 34] IN UNITED STATES DISTRICT COURT

OPINION

RODNEY, District Judge:

This case comes before the court upon two contemporaneous motions: (1) a motion of the plaintiff, Kerotest, for a preliminary injunction restraining the defendant, C-O-Two, from proceeding against Kerotest in a civil action in the United States District Court for the Northern District of Illinois, which action will hereafter, for reasons of brevity, be called the Chicago action; and (2) a motion of C-O-Two praying for an order staying further proceedings in the present action until ten days after final determination of the Chicago action.

The pertinent facts are these. On January 17, 1950, C-O-Two commenced the Chicago action against the Acme Equipment Company, charging it with the infringement of certain patents [Re. 23,142, No. 2,454,621]. Acme is a customer of Kerotest. The Chicago suit was set down for trial on June 9, 1950. Kerotest did not offer to defend Acme nor did it intervene in the Chicago action. Subsequent to the institution of the Chicago action and on March 9, 1950, Kerotest instituted the present suit for declaratory judgment with respect to the same patents as those involved in the Chicago action. On March 22, 1950, C-O-Two filed in the Chicago action an amendment to its complaint for the purpose of joining Kerotest as a co-defendant with Acme. On April 21, 1950, the District Court for the Northern District of Illinois denied a motion of Acme for a stay of the Chicago action. On April 28, 1950 [85 USPQ 185], this Court entered an order denying a motion of Kerotest for a preliminary injunction to enjoin C-O-Two from prosecuting the Chicago suit and granting a motion of C-O-Two for a stay of the present proceeding for a period of ninety days, the disposition of each motion being without prejudice [fol. 35] to the right of either party to renew their motions at the expiration of that period.

On May 29, 1950, the court in Chicago entered an order denying Kerotest's motion for the quashing of the service upon it, and adjudging Kerotest to be a party to the Chicago suit. This order was to take effect as of March 24,

1950. Kerotest thereafter entered its appearance in the Chicago court and filed its answer, joining issue therein, on June 19, 1950.

In the meantime, an appeal was taken from the order of this court dated April 28, 1950. The Court of Appeals for this Circuit on June 16, 1950, [86 USPQ 4], affirmed this court's judgment.

The basic issue now before this court seems to be whether, as regards Kerotest, this present action or the Chicago action has priority in respect of time of commencement. It has been authoritatively held that it is ordinarily the duty of the federal district court first obtaining jurisdiction of the parties and issues in a patent cause to proceed to adjudicate the controversy and to restrain the parties from seeking to duplicate the adjudication in a later suit in another district court.¹

The first case in which this principle was established in this Circuit was that of *Crosley Corporation v. Hazeltine Corporation*, 122 F. 2d 925 [51 USPQ 1], cert. den. 315 U. S. 813 [52 USPQ 644], 315 U. S. 831. *Crosley Corporation* brought a declaratory judgment action in the District of Delaware against *Hazeltine Corporation*, seeking a declaration of non-infringement of some twenty patents [fol. 36] owned by *Hazeltine*. Thereafter *Hazeltine* instituted nine suits against *Crosley* in the Southern District of Ohio, charging *Crosley* with infringing fifteen of the twenty patents involved in the Delaware action. The Court of Appeals held that the Delaware District Court had abused its discretion in not exercising its power to enjoin *Hazeltine* from prosecuting the Ohio actions, since it first had jurisdiction of the parties and of the issues. Judge

¹ *Crosley Corporation v. Westinghouse Electric and Mfg. Co.*, 130 F. 2d 474 [54 USPQ 291 and 470], cert. den. 317 U. S. 681 [55 USPQ 494]; *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corp.*, 125 F. 2d 1008 [51 USPQ 425], cert. den. 320 U. S. 784 [59 USPQ 496]; *Crosley Corp v. Hazeltine Corp.*, 122 F. 2d 925 [51 USPQ 1], cert. den. 315 U. S. 813 [52 USPQ 644], reh. den. 315 U. S. 831.

Maris, speaking for the Court, outlined the public policy underlying this decision in the following terms [51 USPQ at 5]:

“ * * * The party who first brings a controversy into a court of competent jurisdiction for adjudication should, so far as our dual system permits, be free from the vexation of subsequent litigation over the same subject matter. The economic waste involved in duplicating litigation is obvious. Equally important is its adverse effect upon the prompt and efficient administration of justice. * * * Courts already heavily burdened with litigation with which they must of necessity deal should therefore not be called upon to duplicate each other's work in cases involving the same issues and the same parties.”

This decision was followed in *Crosley Corp. v. Westinghouse Electric & Mfg. Co.*, 130 F. 2d 474 [54 USPQ 291 and 470], cert den. 317 U. S. 681 [55 USPQ 494], in which the facts were very similar to those in the *Crosley v. Hazeltine* case. The fact that only one day intervened between the institution of the first and second suit was held in the *Westinghouse* case to make no difference. The argument principally relied upon by the defendant in the *Westinghouse* case in resisting an injunction restraining the prosecution of the later suit seems to have been that as the first action was one seeking declaratory relief, the court has discretion to decline to take jurisdiction. The District Court had held that the taking of jurisdiction of the declaratory judgment action was a matter of discretion and that it would in effect decline to take such jurisdiction because it was of the opinion that the natural place for the trial of the patent suit was in the Southern District of Ohio, where the second action had been brought, and because the plaintiff in the declaratory action had shown unseemly haste in filing that action after receiving notice that the other party proposed to bring a patent infringement suit against it immediately. The Court of Appeals reversed, holding that the discretion with respect to the exercise of jurisdiction in a declaratory judgment action is a legal discretion to be exer-

eised in accordance with fixed principles of law, and saying [54 USPQ at 292]:

“ * * * In patent cases, therefore, the district courts may decline jurisdiction of a suit brought in good faith to obtain declaratory relief only if it appears that the same parties and issues are involved in another suit previously begun or that in another suit subsequently begun involving the same parties and issues the questions in controversy between the parties can be better settled and the relief sought by them more expeditiously and effectively afforded than in the declaratory proceeding.”

A variation in the factual situation was presented in *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008, [51 USPQ 425], cert. den. 320 U. S. 784, [59 USPQ 496], which was decided before the *Crosley v. Westinghouse* case. There the declaratory judgment suit was brought by Triangle against National in the District of Delaware seeking a declaration of non-infringement with respect to eleven patents owned by National. Subsequently National filed suit in the Eastern [fol. 38] District of Michigan against Triangle and Sears, Roebuck & Company, charging infringement by Triangle of the patents involved in the declaratory judgment action and by Sears, Roebuck & Company of six of the same patents. Triangle moved in the Delaware District Court for an injunction to restrain National from proceeding with the infringement suit in Michigan. On appeal, the Court of Appeals held that National should be enjoined from prosecuting its suit against Triangle in the Michigan court, but not its suit against Sears, Roebuck & Company. It held the rule of the *Crosley v. Hazeltine* case to be controlling and the presence of a further party, a customer of the alleged infringer, in the later suit to make no difference in the application of that rule, saying [51 USPQ at 426, 427]:

“ * * * We think, however, that the applicability of the rule of the *Crosley* case does not depend on whether or not in the subsequent infringement suit a reselling

customer is joined as an additional defendant pursuant to the broad authority for the joinder of parties and causes of action conferred by Civil Procedure Rules 18 and 20, * * *. For it has long been settled that the cause of action of a patent owner against an infringing manufacturer is wholly separate and distinct from his cause of action against one who resells the infringing product. * * *

"Civil Procedure Rule 21 permits any claim against a party to be severed and proceeded with separately. Consequently even though National is enjoined from proceeding against Triangle it is fully empowered to sever its separate cause of action against Sears, Roebuck & Company and to proceed with the prosecution of that cause of action alone. * * *. Regardless of the presence of the cause of action against Sears, Roebuck & Company in the infringement suit in the Eastern District of Michigan it was the duty of the [fol. 39] court below to enjoin National from proceeding with the cause of action stated in that suit against Triangle until after the present declaratory judgment action has been decided. * * *"

Turning now to the present case we find that the first action was the Chicago suit brought by C-O-Two solely against Acme, Kerotest's customer, for patent infringement. The second action was the present declaratory judgment suit filed by Kerotest against C-O-Two, seeking declaratory relief with respect to the same patents. Kerotest was subsequently made a party defendant to the Chicago suit, over its objections, after the filing of the Delaware action. It may be assumed that as to Kerotest the issues in the two actions are identical.

It seems clear upon the basis of the principles established by the cases which have been summarized above that if Kerotest had never been made a party to the Chicago action, both suits could have proceeded independently to a conclusion, since they would clearly not have involved the same parties and the same issues and it would therefore have not been a proper exercise of discretion for either court to stay the action before it or to enjoin the prosecution of the

other.² This seems to be the exact holding of *Zenith Radio Corporation v. Dictograph Products Co.*, 66 F. Supp. 473, [70 USPQ 309], (D. C. Del. 1946) and in entire conformity with the Triangle case, *supra*.

C-O-Two, either by design or otherwise, did not make Kerotest a party to the Chicago action until after the issues solely between these two parties had been submitted by declaratory judgment action to this Court. I know of no principle by which the choice of forum is solely vested in [fol. 40] C-O-Two so that its subsequent action in making Kerotest a party to the Chicago action would divest the prior jurisdiction in this Court invoked at the instance of Kerotest.

Furthermore, it seems to be well established that the action of making Kerotest a party defendant to the Chicago suit, whether or not that may be correctly called an amendment, does not relate back in time to the institution of the Chicago suit. It has been often held that an "amendment" bringing in new parties as contrasted with one correcting a misnomer of a party already before the court does not relate back in time to the filing of the original suit but is akin to the institution of a new action against the new parties.³ Indeed the order of the Chicago Court, itself, by which Kerotest was made a party to that suit expressly makes such joining as a party effective as of March 24, 1950, which is after the institution of this suit.

Where two parties, such as Kerotest and C-O-Two, are before a court and the issues solely between them have priority of filing in that court, a subsequent attempt of either party to intervene in another and earlier action between parties in another jurisdiction has been expressly refused. Such was the holding of *Cresta Blanca Wine Co. v. Eastern Wine Co.*, 143 F. 2d 1012 [62 USPQ 224], and

² It is assumed that there is no question of control by Kerotest of the defense in the Chicago suit.

³ *Godfrey v. Eastern Gas and Fuel Associates*, 71 F. Supp. 176, *Williams v. Pennsylvania Railroad Co.*, D. C. Del. Civil Action No. 1169, (not yet reported); and see *Davis v. Cohen Co.*, 268 U. S. 638.

Speed Products Co. v. Timmerman Products, 171 F. 2d 727 [77 USPQ 447].⁴

In the cited cases the attempts of a party against whom a suit has priority in another jurisdiction to appear in an earlier proceeding has been by way of intervention. [fol. 41] Where these efforts were unsuccessful it would seem a fortiori that the same principle must apply when the attempt is made not by intervention but by bringing in new parties by way of amendment.

According to generally accepted principles, therefore, it seems necessary to regard the Chicago action against Kerotest as a separate suit instituted after the filing of the Delaware action. It appears, therefore, to follow that it would be an abuse of discretion for this court not to enjoin the Chicago action against Kerotest, although the suit against Acme could not be enjoined by this court. The result then would be that both suits, as originally instituted, may proceed to a conclusion.

The question nevertheless arises as to whether this is one of those exceptional cases in which the taking of jurisdiction should be declined in favor of the later suit on the ground that the questions in controversy between the parties can be better settled and the relief sought be more expeditiously and effectively afforded in the Chicago action. The parties with which we are solely concerned are Kerotest and C-O-Two. Nothing is apparent to indicate that the Chicago action will settle the controversy between these parties better or more effectively. A date for the trial of the Chicago action is said to have been set for September, 1950; and this may give some apparent basis for the contention that the litigation there will be concluded more expeditiously. Whether the matter can be heard at that time must be problematical. There is nothing to indicate that with the full cooperation of the defendant, who allegedly is seeking an early trial, the trial in this jurisdiction may not be had expeditiously and some slight delay would seem too slim a basis for departure from recognized principles.

⁴ See also *Camfield Mfg. Co. v. McGraw Electric Co.*, 70 F. Supp. 477 [73 USPQ 343], but possibly contra *Cabot Inc. v. Binney & Smith Co.*, 46 F. Supp. 346 [54 USPQ 76].

The authorities require a granting of the motion of Kerotest and a denial of the motion of C-O-Two; an appropriate order may be submitted.

[fol. 42] IN UNITED STATES DISTRICT COURT

FINDINGS OF FACT AND CONCLUSIONS OF LAW—August 18, 1950

Plaintiff, hereinafter called Kerotest, has moved for a preliminary injunction to enjoin defendant, hereinafter called C-O-Two, from proceeding against Kerotest in a Civil Action which is now pending in the United States District Court for the Northern District of Illinois, Eastern Division, being Civil Action No. 50 C 75 and being hereinafter called the Chicago suit. The defendant, C-O-Two, has moved for an order staying further proceedings in this Delaware action until ten days after the determination of the Chicago suit. The court after hearing and fully considering the arguments of both parties on the motions, makes the following findings of fact and conclusions of law:

Findings of Fact

1. The plaintiff ("Kerotest") is a Pennsylvania corporation and has its offices at Pittsburgh, Pennsylvania. The defendant ("C-O-Two") is a Delaware corporation having its offices at Newark, New Jersey. Kerotest manufactures *inter alia* valves for hand fire extinguishers. Kerotest's right to make and sell these valves as against certain patents owned by C-O-Two is the subject matter in controversy.

2. On August 19, 1947, patent 2,425,779 ("patent '779") was issued to C-O-Two, which was subsequently on August 23, 1949, reissued as patent Re. 23,142. On November 23, 1948, patent 2,454,621 ("patent '621") was issued to C-O-Two. Shortly thereafter C-O-Two charged Kerotest with infringement of the patents. Kerotest denied infringement, asserted that the patents are invalid and invited C-O-Two to bring suit against Kerotest, but C-O-Two did not do so. [fol. 43] 3. On January 17, 1950, C-O-Two commenced the Chicago action solely against Acme Equipment Company, a

customer of Kerotest, charging Acme with the infringement of Patents No. Re. 23,142 and No. 2,454,621, owned by C-O-Two, said alleged infringement being by valves made by Kerotest and incorporated in fire extinguishers manufactured and sold by Acme. Kerotest was not made a party to the original suit and it did not offer to defend Acme, nor did it intervene in that suit.

4. On March 9, 1950, Kerotest, having knowledge of the pendency of the Chicago action, brought the present action against C-O-Two, seeking a declaratory judgment with respect to the same patents as those involved in the Chicago action.

5. On March 22, 1950, no answer having been served in the Chicago suit, C-O-Two filed therein an amendment to its complaint for the purpose of joining Kerotest as a co-defendant with Acme. Kerotest has a resident agent in Chicago, and was served with a copy of the said amendment.

6. On April 21, 1950, the District Court in Chicago denied a motion of Acme for a stay of the Chicago action pending a determination of the present suit.

7. On April 28, 1950, this court entered an order denying an earlier motion of Kerotest for a preliminary injunction to enjoin C-O-Two from prosecuting the Chicago suit, and granting C-O-Two's contemporaneous motion for a stay of the present action, such stay to be for a period of ninety days, without prejudice to the right of either or both parties to renew said motions at the expiration of the ninety-day period.

[fol. 44] 8. An appeal was taken from the order of this court dated April 23, 1950. The United States Court of Appeals for the Third Circuit affirmed the judgment of this court, the mandate being dated July 6, 1950.

9. Theretofore, on May 29, 1950, the District Court in Chicago had denied a motion of Kerotest for an order quashing service upon it, and had adjudged Kerotest to be a party defendant to the Chicago suit as of March 24, 1950. Simultaneously the District Court in Chicago set down the Chicago suit for trial on September 28, 1950. Kerotest thereafter appeared in said action and filed its answer.

Conclusions of Law

1. This court has jurisdiction over the parties and the subject matter of the present suit.

2. Under the rule laid down in the cases of *Crosley Corp. v. Hazeltine Corp.*, *Crosley Corp. v. Westinghouse*, and ~~*Triangle v. National Electric Products*~~, it is the duty of the federal district court first obtaining jurisdiction of the parties and issues in a patent cause to proceed to adjudicate the controversy and to restrain the parties from seeking to duplicate that adjudication in a later suit in another district court, unless it appears that the questions in controversy between the parties can be better settled and the relief sought by them more expeditiously and effectively afforded in the later suit than in the prior suit.

3. As between Kerotest and C-O-Two, the present declaratory judgment action is prior in time of commencement to the Chicago action against Kerotest, since the making of Kerotest a party defendant in the later suit does not relate [fol. 45] back in time to the institution of the Chicago action, and is subsequent in time to the institution of the present suit.

4. The prior Chicago suit by C-O-Two against Acme does not involve the same parties and issues as the present suit, and therefore affords no ground for the staying of the present action.

5. It does not appear that the Chicago suit, as between C-O-Two and Kerotest, can be better settled or the relief therein sought be afforded more effectively than in the present action or rendered more expeditiously to any material degree.

6. It would be an abuse of discretion for this court to stay the present action or to refuse to enjoin C-O-Two's Chicago suit against Kerotest.

7. Plaintiff's motion for a preliminary injunction must be granted and defendant's motion for a stay must be denied.

(S.) Richard S. Rodney, J.

Dated: August 18, 1950.

[fol. 46] IN UNITED STATES DISTRICT COURT

ORDER GRANTING MOTION FOR PRELIMINARY INJUNCTION AND
DENYING MOTION FOR STAY--September 5, 1950

And now, to wit, this 5th day of September, 1950, the plaintiff having moved for a preliminary injunction enjoining the defendant from prosecuting as against the plaintiff, Kerotest Manufacturing Company, an action now pending in the United States District Court for the Northern District of Illinois, Eastern Division, Civil Action No. 50 C 75, and the defendant having moved for an order staying further proceedings in this action until ten days after final determination of said Civil Action No. 50 C 75, and the court having heard counsel for the parties and having fully considered the arguments and the pleadings, affidavits, exhibits and other documents on file herein,

It is ordered that plaintiff's motion for a preliminary injunction be and the same hereby is granted, and the defendant, C-O-Two Fire Equipment Company, is accordingly enjoined until the further order of this court from prosecuting, as against Kerotest Manufacturing Company, an action now pending in the United States District Court for the Northern District of Illinois, Eastern Division, Civil Action No. 50 C 75, wherein C-O-Two Fire Equipment Company is plaintiff, Acme Equipment Company is the original defendant and Kerotest Manufacturing Company was made a defendant by an order nunc pro tunc having effective date of March 24, 1950, without prejudice however to the right of C-O-Two Fire Equipment Company to proceed against Acme Equipment Company in that action.

The foregoing injunction is conditioned upon the giving of security by Kerotest Manufacturing Company in the amount of Five Hundred Dollars (\$500.00) for the payment of such costs or damages as may be incurred or suffered by C-O-Two should it be found that it has been wrongfully enjoined or restrained.

[fols. 47-48]

Order

And it is further ordered that the motion of C-O-Two Fire Equipment Company for a stay of the proceedings herein be and the same hereby is denied.

And it is further ordered that the time within which defendant C-O-Two Fire Equipment Company may move, answer or otherwise plead be and the same hereby is extended until ten days after the date hereof.

(S.) Richard S. Rodney, J.

Approved as to form:

(S.) Aaron Finger, Attorney for Plaintiff. (S.) Arthur G. Connolly, JB, Attorney for Defendant.

[fol. 49] SUPPLEMENTAL APPENDIX TO BRIEF

UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

No. 10,200

KEROTEST MANUFACTURING COMPANY, Appellant,

v.

C-O-TWO FIRE EQUIPMENT COMPANY

Appeal from the United States District Court for the District of Delaware

Argued May 25, 1950.

Before Maris, Kalodner, and Hastie, Circuit Judges

OPINION OF THE COURT—Filed June 16, 1950

By HASTIE, Circuit Judge:

This is an appeal from an order of the District Court for the District of Delaware denying a preliminary injunction sought to restrain the prosecution of a suit pending in the District Court for the Northern District of Illinois.

The controversy concerns the validity and alleged infringement of two patents. It is the contention of C-O-Two Fire Equipment Company, a Delaware corporation, that in the manufacture and sale of certain fire extinguishing equipment Kerotest Manufacturing Company, a Pennsylvania corporation, has infringed its patents. Kerotest filed

the present suit in Delaware seeking a declaratory judgment decreeing the invalidity of the patents in question and there- [fol. 50] after moved for a preliminary injunction to restrain C-O-Two from going forward with certain litigation in Illinois concerning the same patents. C-O-Two countered with a motion for a stay of the Delaware proceedings until after final determination of the Illinois suit. The district court disposed of both motions by an order (1) denying the motion for preliminary injunction, (2) staying the Delaware proceedings for 90 days and (3) expressly according to each party the privilege of renewing its motion without prejudice upon the expiration of the 90-day period.

The order is based upon findings of fact which are consistent with affidavits properly before the court. The district court found that the Illinois suit, charging patent infringement, was filed January 11, 1950, by C-O-Two against Acme Equipment Co., an Illinois corporation; that it involved the patents later brought into controversy in this Delaware suit; that some of the structures accused as infringement in the Illinois suit were manufactured by Kerotest and sold to Acme; that Kerotest commenced the present suit on March 9, 1950; that on March 22, 1950 C-O-Two filed an amendment to its Illinois complaint for the purpose of adding as a party defendant Kerotest, which is licensed to do business and has a resident agent in Illinois; that no answer had been filed in either suit; that there was pending in the Illinois suit a motion by Acme to stay the Illinois proceedings until after the disposition of the Delaware suit.¹ [fol. 51] We think the district court did not abuse its discretion. Three parties are involved in the Illinois suit and the status of one of them, Kerotest, in that suit is not entirely clear. Two of these parties are litigating in Delaware. It seems to us that in limiting the Delaware stay to 90 days and in making explicit the privilege of Kerotest at the expiration of that period to renew its motion

¹ In argument before this court it was pointed out that the motion for a stay has now been denied in Illinois; that the procedure by which Kerotest was brought into that suit has been challenged and that there is some uncertainty about the probable time of trial in Illinois. These developments occurred after the hearing below.

to restrain C-O-Two from proceeding against it in Illinois, the district court did no more than to withhold its hand pending disposition of motions in Illinois, receipt of more information concerning the controverted status of Kerotest in the Illinois suit, better advice on the probable time of trial in Illinois and perhaps other intelligence.² Although injunctions of the type here sought operate against parties rather than courts, their effect upon the business of competent sister tribunals is such that courts are proper, cautious in their issuance and reluctant to act until entirely sure of the premises and of the equities and proprieties involved. It may well be that the additional information available at the end of the waiting period will be helpful to the learned District Judge in determining, if required to do so, which suit should proceed to trial under the guiding principles recently expounded by this court in *Crosley Corporation v. Westinghouse Electric and Mfg. Co.*, 130 F. 2d 474 (1942), *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008 (1942) and [fol. 52] *Crosley Corporation v. Hazeltine Corporation*, 122 F. 2d 925 (1941).

The 90-day period began to run April 28, 1950. It will soon expire. If Kerotest then believes that it is entitled to have C-O-Two restrained from proceeding against it in Illinois, it can renew its motion without prejudice.

The judgment will be affirmed.

² We have not overlooked the conclusion of law below that "Under the controlling authority of *Triangle Conduit & Cable Co. v. National Electric Products Corp.*, 125 F. 2d 1008 (3rd Cir. 1942), this court could not enjoin C-O-Two from seeking a final adjudication against Acme in the Chicago suit." However, on this appeal there is no claim that proceedings against Acme should or could have been enjoined but rather that proceedings against Kerotest should have been restrained.

[fol. 53] UNITED STATES COURT OF APPEALS FOR THE THIRD
CIRCUIT

No. 10302

KEROTEST MANUFACTURING COMPANY,

v.

C-O-TWO FIRE EQUIPMENT COMPANY, Appellant

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF DELAWARE

Argued December 4, 1950

Before Biggs, Chief Judge and Goodrich and Kalodner,
Circuit Judges.

OPINION OF THE COURT—Filed February 19, 1951

By Biggs, *Chief Judge*.

Kerotest Manufacturing Company, the plaintiff in the instant proceeding, sued C-O-Two Fire Equipment Company for a declaratory judgment to have two patents owned by C-O-Two, Re. 23,142 and 2,454,621, declared invalid. The suit at bar was commenced on March 9, 1950. Kerotest is a manufacturer of valves for use in portable carbon dioxide fire extinguishers. C-O Two manufactures similar extinguishers.

On January 17, 1950, C-O-Two sued Acme Equipment Company, Inc. in the United States District Court for the Northern District of Illinois, charging Acme with infringing the two patents previously referred to by "making [fol. 54] . . . and selling . . . squeeze grip valves and discharge heads for portable carbon dioxide fire extinguishers . . .". This proceeding is generally referred to as the "Chicago suit".

¹ In the complaint in the instant case Kerotest refers to another earlier action brought against The General-Detroit Corporation by C-O-Two. This suit was filed in August, 1949, and settled in January, 1950, by a consent decree. We will make no further reference to it since it is irrelevant to the issues presented by the instant appeal.

Kerotest did not intervene in the Chicago action and apparently did not offer to defend Acme; instead according to an affidavit executed by Roush, Kerotest's president, it brought the instant suit for a declaratory judgment. Thereafter, on March 22, 1950, C-O-Two moved to have Kerotest made an actual party defendant in the Chicago litigation. Two days later Acme filed a motion in the Chicago action to stay that proceeding because the instant suit had been brought by Kerotest. On March 25, C-O-Two moved for a stay in this proceeding pending the prosecution of the Chicago action. On March 29, Kerotest made a motion in the instant suit to enjoin prosecution of the Chicago litigation either as a whole or as to it.

C-O-Two's motion for a stay and Kerotest's motion for an injunction came on for hearing before Chief Judge Leahy on April 21, 1950. Kerotest argued that it had not been properly joined in the Chicago action but that even if it had been so joined, that joinder had not taken place until after it had filed the instant suit. Kerotest pointed out that the Chicago litigation was filed first; that it involved the same controversy as the suit at bar, viz., the same patents and the same infringing devices, even if the parties were not the same. C-O-Two insisted that unnecessary duplication of litigation would be avoided by staying the instant case. Judge Leahy held that the court below could not enjoin C-O-Two from seeking a final adjudication against Acme in the Chicago suit and, further, that it would be an abuse of discretion to do so. He stated that inasmuch as the Chicago suit was scheduled for an early trial it would be more economical "of judicial time" [fol. 55] for Kerotest to contest the issues in Illinois as a co-defendant rather than consume the time of the United States District Court in Delaware in "duplicate litigation." Judge Leahy also pointed out that there was no vested right in a litigant to have a case tried by one judge rather than by another.² He stayed the proceedings for ninety days providing that both parties might renew their motions thereafter, it being his intention to see how the Chicago litigation proceeded within that period for though answers had not been filed a date for trial of the Chicago suit had already been set.

² No opinion reported for publication.

Kerotest appealed to this court which affirmed the judgment. 182 F. 2d 773. By the time the case was argued on appeal, Acme's motion for a stay in the Chicago litigation had been denied and Kerotest had moved the United States District Court for the Northern District of Illinois to dismiss the Chicago suit as to it. These facts are alluded to in a footnote to Judge Hastie's opinion. It appeared from the arguments on that appeal that Kerotest had abandoned its effort to have the Chicago suit stayed in its entirety and limited its position to asking that that action be restrained only insofar as it involved Kerotest.

When the ninety day period provided by Judge Leahy's judgment had expired, Acme's motion in the Chicago suit for a stay because of the pendency of the instant case had been denied and Acme had filed an answer. Kerotest had moved to quash the service and to dismiss the case as to it. These motions had been denied and the Illinois Court had entered an order on May 29, 1950, *nunc pro tunc* as of March 24, 1950 making Kerotest a party-defendant as of March 24, 1950, C-O-Two having amended its complaint to that end. Kerotest also had filed an answer. The trial date had been reset for September 28, 1950 by agreement of counsel since the original trial date of July 8 could not be adhered to.

[fol. 56] On July 21, 1950 Kerotest moved for a preliminary injunction to restrain C-O-Two from proceeding with the Chicago litigation and on that day also C-O-Two moved for a stay of the instant suit pending disposition of the Chicago litigation. These motions were heard by Judge Rodney in the court below. He concluded, 92 F. Supp. 943, that the motion of the plaintiff, Kerotest, for a preliminary injunction restraining the defendant, C-O-Two, from proceeding against Kerotest in the Chicago action should be granted and that the motion of C-O-Two for an order staying further proceedings in the instant suit until ten days after the final determination of the Chicago action should be denied.

The court below based its decision on *Crosley Corporation v. Hazeltine Corporation*, 122 F. 2d 925, 930, *Crosley Corp. v. Westinghouse Electric & Mfg. Co.*, 130 F. 2d 474, 475, and *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008, 1009, all decided by this court. Judge Rodney concluded properly

that the same subject matter was before the Illinois court and the Delaware court but went on to hold in effect that because on March 9, 1950, when the suit at bar was filed, Kerotest had not been made a party in the Chicago suit, the rule of the *Hazeltine, Westinghouse and Electric Products* cases required a stay of the proceedings in Illinois while the Delaware litigation was prosecuted. Judge Rodney pointed out also that an amendment of the kind effected by C-O-Two as of March 24, 1950, whereby Kerotest was made a party to the Chicago litigation "... does not relate back in time to the filing of the original suit but is akin to the institution of a new action against the new parties."³

We cannot agree with the conclusions reached. To the end that our position may be made plain we state again that the parties to the action at bar are Kerotest and C-O-Two; that the parties to the Chicago suit are C-O-Two and Acme [fol. 57] and Kerotest, but that Kerotest did not become a party to the Chicago action until as of March 24, 1950, whereas the instant suit was brought on March 9, 1950. We do not think that the rule of the cited decisions requires the order made by the court below. The question which must be answered is: in which jurisdiction can the ends of justice be served best? We stated this in the *Westinghouse* decision, 130 F. 2d at p. 475, pointing out that the real question was not whether "another suit" had been "previously" or "subsequently" begun between the parties but whether the relief sought could be "more expeditiously and effectively afforded [in the other suit] than in the declaratory proceeding".

To effect a simile, the whole of the war and all the parties to it are in the Chicago theatre and there only can it be fought to a finish as the litigations are now cast. On the other hand if the battle is waged in the Delaware arena there is a strong probability that the Chicago suit nonetheless would have to be proceeded with for Acme is not and cannot be made a party to the Delaware litigation. The Chicago suit when adjudicated will bind all the parties in both cases. Why should there be two litigations where one will suffice? We can find no adequate reason. We assume,

³ See the authorities contained in note 3 cited to the text at p. 947, 92 F. Supp.

of course, that there will be prompt action in the Chicago theatre.

The order of the court below will be reversed and the cause remanded with the direction to enter an order staying further proceedings in this action until ten days after the final determination of the Chicago suit. If, however, the prosecution of the Chicago suit be unreasonably delayed, this court will entertain an application for a modification of the order.

A true Copy:

Taste:

_____, Clerk of the United States Court of Appeals for the Third Circuit.

[fol. 58] UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

No. 10,302

KEROTEST MANUFACTURING COMPANY

vs.

C-O-TWO FIRE EQUIPMENT COMPANY, Appellant

On Appeal from the United States District Court for the District of Delaware

Present:

Judgment

This cause came on to be heard on the record from the United States District Court for the District of Delaware and was argued by counsel.

On consideration whereof, it is now here ordered and adjudged by this Court that the order of the said District Court in this case be, and the same is hereby reversed, with costs, and the cause remanded with direction to enter an order staying further proceedings in this action until ten days after the final determination of the Chicago suit.

Attest:

Ida O. Creskoff, Clerk.

February 19, 1951.

Received & Filed Feb. 19, 1951. Ida O. Creskoff, Clerk.

[fol. 59] IN THE UNITED STATES COURT OF APPEALS FOR THE
THIRD CIRCUIT

No. 10,302

KEROTEST MANUFACTURING COMPANY, Plaintiff-Appellee,

vs.

C-O-TWO FIRE EQUIPMENT COMPANY, Defendant-Appellant.

Petition and Affidavit for Extension of Time for Filing
Petition for Rehearing

Feb. 27, 1951

Time for filing Petition for Rehearing is hereby extended
to March 13, 1951.

Kalodner, Circuit Judge.

John F. C. Glenn, Attorney for Plaintiff-Appellee.

Richards, Layton & Finger,
Smith, Buchanan & Ingersoll,
Blenko, Hoopes, Leonard & Glenn,
Of Counsel.

February 26, 1951.

Received & Filed Feb. 27, 1951. Ida O. Creskoff, Clerk.

[fol. 60] The plaintiff-appellee petitions for a one-week
enlargement of the fifteen-day period for filing a petition
for rehearing allowed by Rule 33 of the Court following
the date of the judgment and opinion of the Court filed
on February 19, 1951.

A supporting affidavit is annexed.

Respectfully submitted, Kerotest Manufacturing
Company, by [signed] John F. C. Glenn, Attorney
for Plaintiff-Appellee.

Richards, Layton & Finger,
Smith, Buchanan & Ingersoll,
Blenko, Hoopes, Leonard & Glenn,
Of Counsel.

February 26, 1951.

[fol. 61] IN THE UNITED STATES COURT OF APPEALS FOR THE
THIRD CIRCUIT

No. 10,302

KEROTEST MANUFACTURING COMPANY, Plaintiff-Appellee,

VS.

C-O-TWO FIRE EQUIPMENT COMPANY, Defendant-Appellant

Affidavit

COMMONWEALTH OF PENNSYLVANIA,
County of Allegheny, ss:

JOHN F. C. GLENN, being duly sworn, deposes and says that:

I am a member of the firm of Blenko, Hoopes, Leonard & Glenn, 1319 Farmers Bank Building, Pittsburgh 22, Pennsylvania, am one of the counsel of record for the plaintiff-appellee in the above-entitled appeal, and am admitted to practice before this honorable Court.

The Court filed its judgment and opinion on the above-identified appeal on February 19, 1951 and the fifteen-day period allowed under Rule 33 of the Court for filing a petition for rehearing expires on March 6, 1951.

[fol. 62] An additional week for filing the petition for rehearing is requested because Mr. Walter J. Blenko, who is the principal attorney of the plaintiff-appellee on the appeal and who argued the appeal, has been in the South since before February 19 and is not expected back at his office before March 5, 1951. He had just completed the trial of a case in Georgia when the judgment on the above-identified appeal was filed, and is expected to attend a conference in Georgia on March 1, 1951 before driving back to Pittsburgh.

The plaintiff-appellee's petition for enlargement of time is presented in good faith and not for delay.

(Signed) John F. C. Glenn.

Subscribed and sworn to before me this 26th day of February, 1951. (Signed) Charles E. Bauer, Notary Public. My commission expires January 29, 1954. [Notarial Seal.]

[fol. 63]

Petition for Rehearing

Kerotest Manufacturing Company, plaintiff-appellee herein, petitions for a rehearing of the appeal decided by this Court on February 19, 1951, on the following ground:

1. The instant decision is based upon a ground that was "not set forth in or necessarily suggested by the statement of questions involved" * and upon which petitioner has had no opportunity to be heard.

2. The instant decision puts an interpretation on the earlier opinion of this Court in *Crosley v. Westinghouse*, 130 F. 2d 474, which is believed to be contrary to the actual intendment thereof, which petitioner could not have reasonably anticipated, and upon which petitioner has had no opportunity to be heard.

3. The instant decision is believed to be in conflict with decisions of the Court of Appeals for the Second Circuit; *Cresta Blanca Wine Co., Inc. v. Eastern Wine Corporation*, (1944) 143 F. 2d 1012; and the Court of Appeals for the District of Columbia; *Speed Products Co. v. Tinnerman Products*, (1948) 171 F. 2d 727.

4. The instant decision is believed to be in conflict with, and to have the effect of overruling, the earlier decisions of this Court (notably *Triangle v. National*, 125 F. 2d 1008) which, by the terms of Judge Hastie's opinion herein, 182 [fol. 64] F. 2d 773, Judge Rodney was instructed to follow and did follow.

Respectfully submitted, Walter J. Blenko, John F. C. Glenn, Aaron Finger, Attorneys for Plaintiff-Appellee. Richards, Layton & Finger, Smith, Buchanan & Ingersoll, Blenko, Hoopes, Leonard & Glenn, of Counsel.

March 10, 1951.

Certificate of Counsel

I am of counsel for the petitioner herein. I hereby certify that this petition is presented in good faith and not for delay.

Walter J. Blenko.

* Rule 24(2)(b) of this Court.

[fol. 65]

Brief in Support of Petition

This petition is filed pursuant to Rule 33 of this Court. The judgment was entered February 19, 1951, and by order dated February 27, 1951, the time for filing the petition was enlarged to and including March 13, 1951.

The several grounds of the petition will be discussed in correspondingly numbered sections of this brief.

1

Both of defendant's "questions presented" suggested an abuse of discretion by Judge Rodney. The instant opinion of this Court does not discuss and in nowise suggests that there was any abuse of discretion.

The first question posed by defendant was whether there had been an abuse of discretion by reason of "disregard" of the "law of the ease." At the argument on December 4, 1950, petitioner's counsel was advised by the Court in substance that it did not desire argument on the question. It was under this first question that defendant made the contention that "it would be more economical 'of judicial time' for plaintiff herein [Kerotest] to contest the issues [in Chicago] as co-defendant rather than to take the time of this Court in duplicate litigation"; cf. p. 5 of the instant opinion.

Defendant's second question was whether Judge Rodney had abused his discretion in enjoining the Chicago action insofar as it involved Kerotest, predicated that the Chicago action was the "earlier filed" one. The instant opinion makes it clear that, as between Kerotest and C-O-Two, this action is prior to the Chicago action.

[fol. 66] Rule 24(2) (b) of this Court states that "ordinarily no point will be considered which is not set forth in or necessarily suggested by the statement of questions involved." As shown above, neither of the questions posed by defendant-appellant is the basis of the decision. To the contrary, the instant opinion poses a materially different question (p. 5) and is based upon a resolution of that question.

We do not contend that Rule 24(2) (b) precludes the Court from disposing of the appeal in this manner; we do respectfully submit that petitioner has had no real opportunity to be heard on the question posed in and resolved by the instant opinion.

We respectfully submit that in relegating petitioner to Chicago in the instant case this Court has in substance done what it reversed Judge Gibson for doing in *Crosley v. Westinghouse*. In *Westinghouse*, Judge Maris said (p. 475):

"In patent cases, therefore, the district courts may decline jurisdiction of a suit brought in good faith to obtain declaratory relief ONLY if it appears that the same parties and issues are involved in another suit previously begun or that in another suit subsequently begun involving the same parties and issues the questions in controversy BETWEEN THE PARTIES can be BETTER settled and the relief sought BY THEM MORE expeditiously and effectively afforded than in the declaratory proceeding." *

As between Kerotest and C-O-Two, the Chicago action is the one which was "subsequently begun" and, therefore, is analogous to the Ohio infringement case discussed in [fol. 67] *Westinghouse*.† Judge Gibson concluded that Ohio was the "natural place" for the disposition of the controversy but this Court reversed because there was no proof that relief could be more expeditiously and effectively afforded in Ohio than in Pennsylvania.

There is no finding, and no basis for a finding, herein that "the questions in controversy between the parties" hereto can be more expeditiously and effectively afforded in Chicago than in Wilmington. The fact that C-O-Two's separate quarrel with Acme can be heard at the same time in Chicago does not mean that "the relief sought" by Kerotest, or by C-O-Two, is better afforded in Chicago; cf. *Triangle v. National*, 125 F. 2d 1008, quoted *infra*, p. 10. And simple equality of opportunity for relief is not sufficient ground for staying a declaratory action; Civil Rule 54; *Bliss v. Cold Metal* (C.A. 6, 1939) 102 F. 2d 105, 109.

* Emphasis supplied.

† In *Westinghouse*, however, the Ohio complaint was in the mail for filing at the time the declaratory action was begun; in the case at bar C-O-Two admittedly enlarged the Chicago action to include Kerotest only because the present declaratory action had been brought.

The presence of Acme in the Chicago action is comparable to the presence of the additional patents in the Ohio action involved in *Westinghouse*. To paraphrase the instant opinion: "The [Ohio] suit when adjudicated will bind all the parties [as to all patents] in both cases. Why should there be two litigations where one will suffice?" It seems clear, therefore, that, as stated, the instant opinion adopts a *rationale* which the Court said was erroneous when applied by Judge Gibson in *Westinghouse*.

No question of transfer under 28 U.S.C. 1404 is involved. C-O-Two made no attempt to invoke Section 1404 and it [fol. 68] seems obvious that with C-O-Two incorporated in Delaware, having its principal offices in New Jersey and its patent counsel in New York, Delaware is the more convenient forum for C-O-Two as well as for Kerotest. As Judge Rodney pointed out, no material time difference is involved. Clearly, Delaware is the forum in which the dispute between the parties can be at least as "expeditiously and effectively afforded" as in Chicago; *Bliss v. Cold Metal*, *supra*.

3

Cresta Blanca Wine Co., Inc. v. Eastern Wine Corporation, (C.A. 2, 1944) 143 F. 2d 1012, was a suit for trade-mark infringement brought by Cresta Blanca against Eastern by reason Eastern's use of "Casa Blanca" coupled with a declaratory action seeking a judgment that Cresta could continue to use its trade-mark "Cresta Blanca" free from any claim by Eastern of priority in the use of "Casa Blanca". Eastern thereafter filed two actions in Delaware—one against Cresta and the other against Cresta's parent company, Schenley, charging infringement of Eastern's mark "Casa Blanca" by reason of the use of "Cresta Blanca" by Cresta and Schenley. Schenley thereupon sought leave to intervene in the New York action and joined with Cresta in moving to stay further prosecution of the Delaware actions pending the disposition of the action in New York. The District Court also refused to enjoin the prosecution of the Delaware actions and denied Schenley's application to intervene.

The Court of Appeals affirmed in part and reversed in part. It held on the authority of many decisions, including *Crosley v. Hazeltine* and *Crosley v. Westinghouse*, that [fol. 69] Eastern's prosecution of its Delaware action

against Cresta should have been enjoined. It affirmed the District Court in denying a stay of Eastern's action against Schenley. It pointed out that Schenley was not entitled to intervene but that if intervention had been granted it would not have related back to the filing of the original complaint by Cresta in New York.†† It then said (pp. 1014-5):

"Therefore Schenley's proposed intervention against Eastern would have been the later action between them and the very principle Schenley invokes would require staying the New York action rather than the Delaware suit."

We submit, therefore, that there is a direct conflict between the decision in *Cresta Blanca v. Eastern* and the instant decision at bar.

Speed Products Co. v. Tinnerman Products, et al., (C.A. D.C. 1948) 171 F. 2d 727, was commenced as an action solely against the Commissioner of Patents to compel him to register the trade-mark "Speed." Prior to this, Tinnerman had successfully opposed the application for the trade-mark on the basis of its own use of a like trade-mark. A week after the commencement of the action against the Commissioner, Speed Products commenced a second action in New York—this one against Tinnerman. In the New York action it sought relief under R.S. 4915, 35 U.S.C. 63; it also sought a declaratory judgment that Speed Products was not infringing Tinnerman's trade-marks and sought an injunction restraining Tinnerman from threatening Speed Products or its customers with infringement suits. Thereafter, Tinnerman was given leave to intervene in the District of [fol. 70] Columbia action. Having intervened, Tinnerman filed an answer to the original complaint resisting the registration of "Speed" by Speed Products and filed a counterclaim praying for a declaratory judgment that its own trade-marks were valid and for an injunction and damages by reason of Speed Products' infringement thereof.

The District Court in the District of Columbia enjoined Speed Products from proceeding with the action under R.S. 4915 in New York and directed that the trial of the R.S. 4915 issue be advanced in the District of Columbia. The Court of Appeals reversed. It held on the authority of such cases as *Triangle v. National* and *Crosley v. Hazeltine* that

†† cf. p. 5 of the instant decision.

the District Court had the power to grant the injunction and then proceeded to the question of whether it had abused its discretion in doing so. It held that the injunction should not have been granted "for the reason that the action in the New York court was the first of the two actions between Speed Products and Tinnerman." Following the decision in *Cresta Blanca v. Eastern*, it then said (p. 731):

"It may be urged that to set aside the injunction and thus permit the action in the New York court to proceed first is to legitimize the bringing of two suits by a plaintiff against the same defendant on the same cause of action in two different jurisdictions at substantially the same time and that such duplication with consequent burden to the courts should not be permitted. The answer to this is that Speed Products brought no action against Tinnerman in the District of Columbia court, but only in the New York court. It had a right to sue Tinnerman in New York if it saw fit to do so."

If this is sound in the circumstances of the *Speed Products* case it is sound *a fortiori* in the circumstances of the [fol. 71] case at bar: Kerotest did not intervene or bring any action against C-O-Two in Chicago; C-O-Two did not originally sue Kerotest in Chicago although it had the right to do so; it moved against Kerotest in Chicago only after the action at bar had been brought in Wilmington.

We submit, therefore, that there is a direct conflict between the decision in *Speed Products v. Tinnerman* and the instant decision at bar.

4

Judge Hastie's opinion on the earlier appeal herein, 182 F. 2d 773, held that Judge Leaby did not abuse his discretion in staying the proceedings herein for ninety days, affirmed Kerotest's right to renew its motion without prejudice at the end of the ninety day period and instructed the District Court, in the event of such renewal, to follow "the guiding principles recently expounded by this court" in *Crosley v. Westinghouse*, *Triangle v. National* and *Crosley v. Hazeltine*.

Of the three cases mentioned, *Triangle v. National* has the greatest similarity on its facts because the action therein sought to be enjoined involved not only the parties to the declaratory action but also a customer of the defend-

ant in the declaratory action. Judge Nields refused an injunction, 38 F. Supp. 533. He seems to have followed the same reasoning that is followed in the instant decision because he pointed out that, while issues of validity and infringement of "the same patents" were involved in both cases, "full relief"—i.e., relief against both alleged infringers—"can be had only in the Detroit action."

[fol. 72] Triangle appealed. This Court might have said, as in the instant decision:

"To effect a simile, the whole of the war and all the parties to it are in the [Detroit] theatre and there only can it be fought to a finish as the litigations are now cast. On the other hand if the battle is waged in the Delaware arena there is a strong probability that the [Detroit] suit nonetheless would have to be proceeded with for [Sears Roebuck] is not and cannot be made a party to the Delaware litigation. The [Detroit] suit when adjudicated will bind all parties in both litigations. Why should there be two litigations where one will suffice? We can find no adequate reason."

Such a decision would have led to an affirmance of Judge Nields. Instead of so deciding this Court reversed. It pointed out that if National wanted to sever its cause of action against Sears Roebuck and proceed with that alone it was free to do so, but (p. 1009):

"Whether National does so *is of no concern* to Triangle or *to the district court in Delaware* unless the prosecution of that cause of action can be shown to be a means of unfair competition with Triangle. But the prosecution of National's independent cause of action against Sears, Roebuck & Company MAY NOT BE MADE THE BASIS FOR TRANSFERRING THE ADJUDICATION OF THE CONTROVERSY BETWEEN TRIANGLE AND NATIONAL from the district court in Delaware which *first* assumed jurisdiction of it to the district court in Michigan *to which National subsequently sought to take it*. Regardless of the presence of the cause of action against Sears, Roebuck & Company in the infringement suit in the Eastern District of Michigan it was the DUTY of the court below to enjoin National from proceeding with the cause of action stated in that suit against TRIANGLE until after the present declaratory judgment action has

been decided. We are satisfied that if we were to hold [fol. 73] otherwise the salutary rule laid down in the Crosley case would be largely nullified." *

In the case at bar Judge Rodney followed the rule thus laid down by this Court in the *Triangle* case.

It was purely fortuitous that C-O-Two, sedulously avoiding litigation with Kerotest until after Kerotest initiated the present action, was able to effect service upon Kerotest in Chicago; it was equally fortuitous that National was able to effect service on Triangle in Detroit. National's attempt to avoid an adjudication in the first action between Triangle and National was disapproved by this Court; C-O-Two's attempt to avoid an adjudication in the first action between Kerotest and C-O-Two is approved by the instant decision. The fact that "two litigations" would result from the Triangle decision was deemed to be of no moment; here it is made controlling.

Conclusion

It is respectfully submitted that the instant decision is in conflict with earlier decisions by this Court and other United States Courts of Appeals, as well as with Civil Rule 57; that petitioner, having followed the earlier decisions of this Court in the bringing of the action at bar in the circuit where both parties are domiciled, should not be remitted to a district in which neither party is domiciled by the enunciation of a rule at least twice rejected in the earlier decisions of this Court, without first being afforded a full [fol. 74] opportunity to be heard upon the question; and that to that end the foregoing petition should be granted.

Respectfully submitted, Walter J. Blenko, John F. C. Glenn, Aaron Finger, Attorneys for Plaintiff-Appellee.

Richards, Layton & Finger, 4072 DuPont Building, Wilmington 11, Delaware.

Smith, Buchanan & Ingersoll, 1025 Union Trust Building, Pittsburgh 19, Pennsylvania.

Blenko, Hoopes, Leonard & Glenn, 1319 Farmers Bank Building, Pittsburgh 22, Pennsylvania, of counsel.

March 10, 1951.

* Emphasis supplied.

[fol. 75] UNITED STATES COURT OF APPEALS FOR THE THIRD
CIRCUIT

No. 10,302

KEROTEST MANUFACTURING COMPANY

vs.

C-O-TWO FIRE EQUIPMENT COMPANY, Appellant

Present: Biggs, Chief Judge, and GOODRICH and KALODNER,
Circuit Judges

It is hereby Ordered that the above-entitled case be set
for reargument before the court en banc on Friday, April
20, 1951.

By the Court,

Biggs, Chief Judge.

April 3, 1951.

(Received & Filed April 3, 1951. Ida O. Creskoff, Clerk.)

[fol. 76] UNITED STATES COURT OF APPEALS FOR THE THIRD
CIRCUIT

No. 10302

KEROTEST MANUFACTURING COMPANY

v.

C-O-TWO FIRE EQUIPMENT COMPANY, Appellant

And now, to wit, this 24th day of May, 1951 it is ordered
that the opinion heretofore filed in the above case be and
the same hereby is withdrawn.

Biggs, Chief Judge.

Endorsements: 10,302. Order Withdrawing Opinion of
Feb. 19, 1951. Received and Filed, May 24, 1951. Ida O.
Creskoff, Clerk.

[fol. 77] UNITED STATES COURT OF APPEALS FOR THE THIRD
CIRCUIT

No. 10302

KEROTEST MANUFACTURING COMPANY,

v.

C-O-TWO FIRE EQUIPMENT COMPANY, Appellant

Appeal from the United States District Court for the
District of Delaware

Argued December 4, 1950

Reargued April 20, 1951

Before Biggs, Chief Judge, and Maris, Goodrich, McLaughlin, Kalodner, Staley and Hastie, Circuit Judges

OPINION OF THE COURT—Filed May 24, 1951

By Biggs, Chief Judge.

Kerotest Manufacturing Company, the plaintiff in the instant proceeding, sued C-O-Two Fire Equipment Company for a declaratory judgment to have two patents owned by C-D-Two, Re. 23,142 and 2,454,621, declared invalid. The suit at bar was commenced on March 9, 1950. Kerotest is a manufacturer of valves for use in portable carbon dioxide fire extinguishers. C-O-Two manufactures similar extinguishers.

On January 17, 1950, C-O-Two sued Acme Equipment Company, Inc. in the United States District Court for the [fol. 78] Northern District of Illinois, charging Acme with infringing the two patents previously referred to by "making . . . and selling . . . squeeze grip valves and discharge heads for portable carbon dioxide fire extinguishers . . ."¹

¹ In the complaint in the instant case Kerotest refers to another earlier action brought against The General Detroit Corporation by C-O-Two. This suit was filed in August, 1949, and settled in January, 1950, by a consent decree. We will make no further reference to it since it is irrelevant to the issues presented by the instant appeal.

This proceeding is generally referred to as the "Chicago suit".

Kerotest did not intervene in the Chicago action and apparently did not offer to defend Acme; instead according to an affidavit executed by Roush, Kerotest's president, it brought the instant suit for a declaratory judgment. Thereafter, on March 22, 1950, C-O-Two moved to have Kerotest made an actual party defendant in the Chicago litigation. Two days later Acme filed a motion in the Chicago action to stay that proceeding because the instant suit had been brought by Kerotest. On March 25, C-O-Two moved for a stay in this proceeding pending the prosecution of the Chicago action. On March 29, Kerotest made a motion in the instant suit to enjoin prosecution of the Chicago litigation either as a whole or as to it.

C-O-Two's motion for a stay and Kerotest's motion for an injunction came on for hearing before Chief Judge Leahy on April 21, 1950. Kerotest argued that it had not been properly joined in the Chicago action but that even if it had been so joined, that joinder had not taken place until after it had filed the instant suit. Kerotest pointed out that the Chicago litigation was filed first; that it involved the same controversy as the suit at bar, viz., the same patents and the same infringing devices, even if the parties were not the same. C-O-Two insisted that unnecessary duplication of litigation would be avoided by staying the instant case. Judge Leahy held that the court below could not enjoin C-O-Two from seeking a final adjudication against Acme in the Chicago suit and, further, that it would be an abuse of [fol. 79] discretion to do so. He stated that inasmuch as the Chicago suit was scheduled for an early trial it would be more economical "of judicial time" for Kerotest to contest the issues in Illinois as a co-defendant rather than consume the time of the United States District Court in Delaware in "duplicate litigation." Judge Leahy also pointed out that there was no vested right in a litigant to have a case tried by one judge rather than by another.² He stayed the proceedings for ninety days providing that both parties might renew their motions thereafter; it being his intention to see how the Chicago litigation proceeded within that period for though answers had not been filed a date for trial of the Chicago suit had already been set.

² No opinion reported for publication.

Kerotest appealed to this court which affirmed the judgment. 182 F. 2d 773. By the time the case was argued on appeal, Acme's motion for a stay in the Chicago litigation had been denied and Kerotest had moved the United States District Court for the Northern District of Illinois to dismiss the Chicago suit as to it. These facts are alluded to in a footnote to Judge Hastie's opinion. It appeared from the arguments on that appeal that Kerotest had abandoned its effort to have the Chicago suit stayed in its entirety and limited its position to asking that that action be restrained only insofar as it involved Kerotest.

When the ninety day period provided by Judge Leahy's judgment had expired, Acme's motion in the Chicago suit for a stay because of the pendency of the instant case had been denied and Acme had filed an answer. Kerotest had moved to quash the service and to dismiss the case as to it. These motions had been denied and the Illinois Court had entered an order on May 29, 1950 *nunc. pro. tunc* as of March 24, 1950 making Kerotest a party-defendant as of March 24, 1950, C-O-Two having amended its complaint to that end. Kerotest also had filed an answer. The trial [fol. 80] date had been reset for September 28, 1950, by agreement of counsel since the original trial date of July 8 could not be adhered to.

On July 21, 1950, Kerotest moved for a preliminary injunction to restrain C-O-Two from proceeding with the Chicago litigation and on that day also C-O-Two moved for a stay of the instant suit pending disposition of the Chicago litigation. These motions were heard by Judge Rodney in the court below. He concluded, 92 F. Supp. 943, that the motion of the plaintiff, Kerotest, for a preliminary injunction restraining the defendant, C-O-Two, from proceeding against Kerotest in the Chicago action should be granted and that the motion of C-O-Two for an order staying further proceedings in the instant suit until ten days after the final determination of the Chicago action should be denied.

The court below based its decision on *Crosley Corporation v. Hazeltine Corporation*, 122 F. 2d 925, 930, *Crosley Corp. v. Westinghouse Electric & Mfg. Co.*, 130 F. 2d 474, 475, and *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008, 1009, all decided by this court. Judge Rodney concluded properly that the same subject matter was before the Illinois court

and the Delaware court but went on to hold in effect that because on March 9, 1950, when the suit at bar was filed, Kerotest had not been made a party in the Chicago suit, the rule of the *Hazeltine*, *Westinghouse* and *Electric Products* cases required a stay of the proceedings in Illinois while the Delaware litigation was prosecuted. Judge Rodney pointed out also that an amendment of the kind effected by C-O-Two as of March 24, 1950, whereby Kerotest was made a party to the Chicago litigation "... does not relate back in time to the filing of the original suit but is akin to the institution of a new action against the new parties."³

[fol. 84] We cannot agree with the conclusions reached. To the end that our position may be made plain we state again that the parties to the action at bar are Kerotest and C-O-Two; that the parties to the Chicago suit are C-O-Two and Acme and Kerotest, but that Kerotest did not become a party to the Chicago action until as of March 24, 1950, whereas the instant suit was brought on March 9, 1950. We do not think that the rule of the cited decisions requires the order made by the court below. Our reasons follow.

In *Crosley v. Hazeltine*, after litigation in which Hazeltine had sued Crosley in Ohio alleging infringement of two out of twenty-two possibly pertinent patents, Crosley brought a declaratory judgment suit against Hazeltine in the Delaware District Court to determine the validity of the remaining twenty patents. Shortly thereafter Hazeltine filed nine suits in the District of Ohio alleging that Crosley had infringed fifteen of the twenty patents involved in the declaratory judgment suit. We held that the Delaware District Court should enjoin the Ohio suits. Two parties only were involved and it will be seen that the entire subject matter of the litigation was before the Delaware court prior to the filing of the Ohio suit to test the validity of the fifteen patents. The differences between the circumstances of *Crosley v. Hazeltine* and those at bar seem obvious.

In *Crosley v. Westinghouse*, Crosley filed a suit for a declaratory judgment against Westinghouse in the Dis-

³ See the authorities contained in note 3 cited to the text at p. 947, 92 F. Supp.

trict Court for the Western District of Pennsylvania to have sixteen patents, which Westinghouse asserted Crosley had infringed, declared invalid and not infringed. In an obvious race to the court house, one day later Westinghouse filed three suits against Crosley in an Ohio District Court, charging infringement by Crosley of the sixteen patents. We held that the Pennsylvania court should enjoin the prosecution of these infringement suits in Ohio. Again only two parties were involved and it will be seen that the entire subject matter of the litigation was before the Pennsylvania District Court prior to the time the suits were filed in Ohio.

It is primarily on the intervening case of *Triangle v. National* that C-O-Two relies. In this case, early in 1941, Triangle sued National in the District of Delaware seeking a declaratory judgment to the effect that eleven patents owned by National were invalid. Eighteen days later National filed suit in the Eastern District of Michigan against Triangle and Sears, Roebuck & Company, by which it sought judgment that Triangle had infringed by manufacturing, selling and using articles in violation of all the patents and that Sears, Roebuck had infringed by reselling articles manufactured in violation of six of the seven patents. We held that the Delaware District Court, having first obtained jurisdiction of the entire controversy, should proceed to adjudicate the rights of Triangle and National.

Again it will be observed that there are substantial differences between the facts of the Triangle case and those of the case at bar. In the Triangle case the Delaware litigation for a declaratory judgment was the *first* action and embraced all the patents which were or became the subject matter of any suit. The two principal antagonists were in the Delaware theatre when the declaratory judgment suit was filed. Only the retailer, Sears, was outside the Delaware arena. Obviously, National's attempt to transfer the struggle to Michigan for no other purpose than to enable National to compel Sears to take part in it could not meet with success. In the instant case the suit brought by C-O-Two against Acme in Illinois long antedated the declaratory judgment suit in Delaware brought by Kerotest. The Chicago suit appears to have been brought in good faith and every patent involved in the Delaware litigation was before the Chicago court. Kerotest could have entered the Chicago litigation had it seen fit to do so. Indeed

C-O-Two subsequently compelled its entry. Kerotest, while displaying an apparent reluctance to enter the Illinois arena, did not harbor such an attitude toward the Delaware [fol. 83] forum. In Triangle the declaratory judgment suit came first.

In the instant case the whole of the war and all the parties to it are in the Chicago theatre and there only can it be fought to a finish as the litigations are now cast. On the other hand if the battle is waged in the Delaware arena there is a strong probability that the Chicago suit nonetheless would have to be proceeded with for Acme is not and cannot be made a party to the Delaware litigation. The Chicago suit when adjudicated will bind all the parties in both cases. Why, under the circumstances, should there be two litigations where one will suffice? We can find no adequate reason. We assume, of course, that there will be prompt action in the Chicago theatre.

Neitner Crosley nor Westinghouse nor Triangle was intended to lay down a rule of thumb. The rule as we conceived it was designed as an aid to the parties and to effect the ends of justice. As was said in *Hammett v. Warner Brothers Pictures*, 2 Cir., 176 F. 2d 145, 150, it "has been recognized that this rule is not to be applied mechanically regardless of other considerations." As we pointed out in the *Westinghouse* case the real question is not whether "another suit" has been "previously" or "subsequently" begun between the parties but whether the relief sought can be "more expeditiously and effectively afforded [in the other suit] than in the declaratory proceeding." We adhere to that view. We think that relief can be more expeditiously afforded in the Chicago proceeding than in the Delaware declaratory judgment suit. Compare *Hammett v. Warner Brothers Pictures*, 2 Cir., 176 F. 2d 145, 148-151, a copyright case which is closer perhaps on its facts to the case at bar than any other reported decision. Therein the Court of Appeals for the Second Circuit, citing the *Crosley* case, decided the issue as we do here. Cf. *Cresta Blanca Wine Co., Inc. v. Eastern Wine Corporation*, 2 Cir., 143 F. 2d 1012, and *Speed Products Co. v. Tinnerman Products*, C.A.D.C., 171 F. 2d 727.

[fol. 84] The order of the court below will be reversed and the cause remanded with the direction to enter an order staying further proceedings in this action until ten days after the final determination of the Chicago suit. If, how-

ever, the prosecution of the Chicago suit be unreasonably delayed, this court will entertain an application for a modification of the order.

MARIS, Circuit Judge, dissenting.

I am unable to agree that Judge Rodney was guilty of an abuse of discretion in this case. On the contrary I think that he soundly exercised the discretion confided in him by the rule which this court, sitting in banc, laid down in *Triangle Conduit & Cable Co. v. National Elec. P. Corp.*, 1942, 125 F. 2d 1008, cert. den. 316 U.S. 676. It is true that the majority do not say that Judge Rodney abused his discretion. Instead they ignore his careful weighing of the factors involved,¹ intimate that he merely applied a "rule of thumb," and themselves proceed to determine the matter as though they were the district court. Moreover while refusing to apply the rule of the Triangle case the majority do not expressly overrule that case but rather seek to distinguish it on its facts from the present case. I concede that there is a factual distinction in that in the

¹ In his opinion, 92 F. Supp. 943, 947, Judge Rodney said:

"The question nevertheless arises as to whether this is one of those exceptional cases in which the taking of jurisdiction should be declined in favor of the later suit on the ground that the questions in controversy between the parties can be better settled and the relief sought be more expeditiously and effectively afforded in the Chicago action. The parties with which we are solely concerned are Kerotest and C-O Two. Nothing is apparent to indicate that the Chicago action will settle the controversy between these parties better or more effectively. A date for the trial of the Chicago action is said to have been set for September, 1950, and this may give some apparent basis for the contention that the litigation there will be concluded more expeditiously. Whether the matter can be heard at that time must be problematical. There is nothing to indicate that with the full cooperation of the defendant, who allegedly is seeking an early trial, the trial in this jurisdiction may not be had expeditiously and some slight delay would seem too slim a basis for departure from recognized principles."

[fol. 85] Triangle case the infringement suit by National against Triangle and its customer, Sears, Roebuck & Company, was begun after the declaratory judgment suit had been brought by Triangle against National, whereas here the infringement suit by C-O-Two against Kerotest's customer, Acme Equipment Company, Inc., was begun before the declaratory judgment suit against C-O-Two was instituted by Kerotest.

In my opinion, however, the distinction made by the majority is without legal significance. To my mind the significant point is that Kerotest itself was not made a defendant in the infringement suit until after it had brought the declaratory judgment suit. In this respect the case is identical with the Triangle case. The two cases are also identical in that the litigation between the parties to the declaratory judgment suit was first begun by the institution of that suit while, if the controversies between the patent owner, the infringing manufacturer and its customer were to be litigated in a single lawsuit, it could only be done in the infringement suit. In the Triangle case we held nonetheless that the declaratory judgment suit, in which the rights of the patent owner against the infringing customer could not be litigated, must take precedence over the infringement suit so far as the litigation between the patent owner and the infringing manufacturer was concerned.

The rule which this court laid down in the Triangle case, as well as in *Crosley Corporation v. Hazeltine Corporation*, 1941, 122 F. 2d 925, cert. den. 315 U.S. 813, and *Crosley Corporation v. Westinghouse Elec. & Mfg. Co.*, 1942, 130 F. 2d 474, cert. den. 317 U.S. 681, has had acceptance in at least five other circuits.² I think it is particularly significant that in the Second Circuit in the case of *Cresta Blanca Wine Co. v. Eastern Wine Corporation*, 1944, 143 [fol. 86] F. 2d 1012, and in the District of Columbia Circuit

² *Dwinnell-Wright Co. v. National Fruit Product Co.*, 1 Cir. 1942, 129 F. 2d 848, 852, 853; *Carbide & Carbon C. Corp. v. United States I. Chemicals*, 4 Cir. 1944, 140 F. 2d 47, 49; *Cresta Blanca Wine Co. v. Eastern Wine Corporation*, 2 Cir. 1944, 143 F. 2d 1012, 1014; *Speed Products Co. v. Timmerman Products*, C.A.D.C. 1948, 171 F. 2d 727, 729; *Chicago Pneumatic Tool Co. v. Hughes Tool Co.*, 10 Cir. 1950, 180 F. 2d 97, 101, cert. den. 340 U.S. 816.

in the case of *Speed Products Co. v. Tinnerman Products*, 1948, 171 F. 2d 727, the rule of the *Triangle* case has been applied to facts indistinguishable in principle from those in the case now before us. The majority ask us to compare those cases with their decision here and I join in that request. For when such a comparison is made it will become plain that this court is today rejecting an application of the rule of the *Triangle* case which two other courts have here, tofore made in reliance upon that decision by us.

In the *Cresta Blanca Wine* case Cresta had sued Eastern in the Southern District of New York for a declaratory judgment of non infringement of a trade-mark. Thereafter Eastern sued Schenley and Cresta in the District of Delaware for infringement of the same mark. Schenley then applied for leave to intervene as a plaintiff in the suit in the Southern District of New York and both Cresta and Schenley asked that court to stay further proceedings in Delaware. The district court denied the intervention and the stay. The Court of Appeals reversed as to Cresta holding that the suit by Eastern in Delaware should be stayed as against Cresta since the suit in New York was prior as to those two parties. As to Schenley, however, the Court of Appeals affirmed, saying, (p. 1014):

"It can hardly be said that intervention, had it been granted, would have related back to the filing of Cresta's complaint. Therefore, Schenley's proposed intervention against Eastern would have been the later action between them and the very principle Schenley invokes would require staying the New York action rather than the Delaware suit."

In the *Speed Products* case, the significant facts were these: Speed had brought suit against the Commissioner of Patents in the District of Columbia for the registration of a trade-mark. Shortly thereafter Speed sued Tinnerman in the Southern District of New York, seeking registration [fol. 87] of the same mark and a declaratory judgment of non infringement of Tinnerman's trade-marks. Later Tinnerman was granted permission to intervene in the suit in the District of Columbia and it filed an answer and counter-claim for infringement of its trade-marks. Thereafter Speed moved in the District of Columbia for an order suspending the suit there until the case in the Southern Dis-

trict of New York had been tried and Tinnerman moved for an order enjoining Speed from proceeding with the New York action until the suit in the District of Columbia had been tried. The District Court for the District of Columbia denied Speed's motion and granted that of Tinnerman but this action was reversed by the Court of Appeals for the District of Columbia, the court saying (p. 729):

"The second question is whether or not the District of Columbia Court had power to enjoin Speed Products from proceeding with the New York action. The law on this question is well settled. Where two cases between the same parties on the same cause of action are commenced in two different Federal courts, the one which is commenced first is to be allowed to proceed to its conclusion first, and an injunction to accomplish this is proper. This is recognized by three cases: Triangle Conduit & Cable Co. v. National Elec. P. Corp., 3 Cir., 1942, 125 F. 2d 1008, certiorari denied 1942, 316 U.S. 676, 62 S. Ct. 1046, 86 L. Ed. 1750; Crosley Corporation v. Hazeltine Corporation, 3 Cir., 1941, 122 F. 2d 925; Cresta Blanca Wine Co. v. Eastern Wine Corporation, 2 Cir., 1944, 143 F. 2d 1012."

The majority place much reliance on a later case in the Second Circuit, Hamnett v. Warner Brothers Pictures, 1949, 176 F. 2d 145. In that case, however, the district court after weighing all the factors decided in the exercise of its discretion that the declaratory suit should be dismissed. The Court of Appeals in affirming took occasion [fol. 88] to point out that the question "was addressed to the sound discretion of the district court." The court found no abuse of that discretion and rested its affirmance as well on the fact that disposition of the action for which priority was sought "would settle only a part of the controversy between the parties to it." Under these circumstances it was clearly within the discretion of the district court not to apply the rule of the Triangle case. In the present case, however, C-O-Two's entire cause of action against Kerotest may be heard and determined in the declaratory judgment proceeding presently pending in the District of Delaware. I cannot join in a judgment which holds by necessary in-

ference that Judge Rodney abused his discretion in applying the rule of the Triangle case to this situation.

Judge Kalodner joins in this dissent.

A true Copy:

Teste:

_____, Clerk of the United States Court of Appeals for the Third Circuit.

[fol. 89] UNITED STATES COURT OF APPEALS FOR THE THIRD
CIRCUIT

No. 10,302

KEROTEST MANUFACTURING COMPANY

vs.

C-O-TWO FIRE EQUIPMENT COMPANY, Appellant.

On appeal from the United States District Court for the
District of Delaware

Present: Biggs, Chief Judge, and Maris, Goodrich, McLaughlin, Kalodner, Staley and Hastie, Circuit Judges.

JUDGMENT

This cause came on to be heard on the record from the United States District Court for the District of Delaware and was argued by counsel.

On consideration whereof, it is now here ordered and adjudged by this Court that the order of the said District Court in this case be, and the same is hereby reversed and the cause remanded with directions to enter an order staying further proceedings in this action until ten days after the final determination of the Chicago suit. If, however, the prosecution of the Chicago suit be unreasonably delayed, this court will entertain an application for a modification of the order. Costs to appellant.

Attest:

Ida O. Creskoff, Clerk.

May 24, 1951.

(Received & Filed May 24, 1951. Ida O. Creskoff, Clerk.)

[fol. 90]

Copy

BLENKO, HOOPES, LEONARD & GLENN

1319 Farmers Bank Building

Pittsburgh 22, Pa.

June 5, 1951.

Mrs. Ida O. Creskoff, Clerk, U. S. Court of Appeals for the
3d Circuit, 2046 U. S. Court House, Philadelphia 7, Pa.

Re: Kerotest Manufacturing Company v. C-Q-Two Fire
Equipment Company, No. 10,302

Dear Mrs. CRESKOFF:

We desire to petition the United States Supreme Court for certiorari on the above-identified appeal, and respectfully request that the ma-date of the Court of Appeals be withheld as provided by Rule 36(2) of the Rules of the Court and that a certified record be furnished to us for use in connection with the petition.

Very truly yours, John F. C. Glenn.

JFCG:fmg

cc: R. Morton Adams, Esq., Pennie, Edmonds, Morton,
Barrows and Taylor, Esqs., 247 Park Avenue, New York
17, N. Y.

(Received & Filed June 6, 1951. Ida O. Creskoff, Clerk.)

[fol. 91] (Received & Filed June 7, 1951. Ida O. Creskoff, Clerk.)

Copy

PENNIE, EDMONDS, MORTON, BARROWS AND TAYLOR

June 6, 1951.

Mrs. Ida O. Creskoff, Clerk, United States Court of Appeals,
Philadelphia, Pennsylvania.

Re: Kerotest Manufacturing Company v. C-O-Two Fire
Equipment Company, No. 10,302

Dear Mrs. Creskoff:

We have just received a letter from Blenko, Hoopes, Leonard & Glenn, counsel for Kerotest Manufacturing Company, requesting a stay of the ~~mandate~~ in the above entitled case for the stated purpose of petitioning the Supreme Court for certiorari.

On behalf of C-O-Two Fire Equipment Company, we desire to oppose any such stay and would like to have the opportunity to be heard thereon.

The effect of granting the stay would be to continue in force the injunction which was granted by the District Court preventing C-O-Two from proceeding against Kerotest in the case pending in Chicago. Inasmuch as the Supreme Court would not act on any petition until October, no matter how promptly it was filed, staying the mandate would allow this injunction to continue in force until some time after the Supreme Court convenes in October and this, as stated, would have the effect of correspondingly delaying the trial of the Chicago case which has already been delayed for over a year.

It seems to us that it is plaintiff's sole purpose to secure further delay. No showing has been made as to any grounds on which the Supreme Court would be asked to grant a writ of certiorari and we believe that no showing can be made of any grounds on which the Supreme Court would be likely to grant any such writ.

[fol. 92] The May 24, 1951 opinion of this Court clearly set forth its ruling that the Chicago case proceed to early trial and the judgment of the Court is conditioned upon an early trial on the merits there, with leave to the plaintiff-

appellee to apply for modification of its order in the event of unreasonable delay.

A stay of the mandate would implement, at least in part, such delay as envisioned by the Court as giving cause for modification of its judgment. Granting the application for stay of the mandate would effectively impose the condition which the Court sought to avoid as stated in its opinion and judgment.

Defendant-appellant, C-O-Two Fire Equipment Company, respectfully requests that the mandate be issued June 8, 1951.

Very truly yours, R. M. Adams, per J. T. Farley.

cc: Walter J. Blenko, Esq., Blenko, Hoopes, Leonard & Glenn, 1319 Farmers Bank Building, Pittsburgh 22, Pennsylvania.

[fol. 93] (Received & Filed June 8, 1951. Ida O. Creskoff, Clerk.)

Copy

BLENKO, HOOPES, LEONARD & GLENN

1319 Farmers Bank Building

Pittsburgh 22, Pa.

June 7, 1951.

Mrs. Ida O. Creskoff, Clerk, United States Court of Appeals for the Third Circuit, 2046 U. S. Court House, Philadelphia 7, Pennsylvania.

Re: Kerotest Manufacturing Company v. C-O-Two Fire Equipment Company, No. 10,302

Dear Mrs. Creskoff:

We understand from our telephone conversation with you yesterday that you have received our letter of June 5 in which we informed you that we desire to petition for certiorari on the above-identified appeal, and that yesterday you received a telephone call from opposing counsel protesting against the consequent stay of mandate in accordance with the provisions of Rule 36(2) of the Rules of Court. We have today received a copy of their letter of June 6 to you, and wish to furnish you with a statement of our position.

I

Opposing counsel concedes that the initial 15-day period of stay of mandate was proper, but opposes a further stay pending the filing and disposition of the petition for certiorari.

[fol. 94] Rule 36(1) provides that "Such mandate or other process may issue at any time on the order of the court, and when not otherwise ordered, it shall issue as of course at the expiration of 15 days from the date of entering the final judgment or decree of this court: . . ."

Rule 36(2) reads as follows:

"(2) Certiorari to Supreme Court—Duration of Stay. In any case where a stay of the mandate is applied for on the ground that it is desired to make application to the Supreme Court of the United States for a writ of certiorari, such stay will be made for a further period of 30 days, and if within the said period of 30 days, there shall be filed with the clerk of this court a certificate from the clerk of the Supreme Court to the effect that there has been filed in that court the certiorari petition, record and brief, and proof of notice thereof as required by the Supreme Court, the stay of the mandate of this court shall continue until final disposition of the case by the Supreme Court. Immediately upon the filing in this court of a copy of an order by the Supreme Court denying the writ applied for, the mandate of this court shall be issued."

In the present case Kerotest has given timely notice of its intention to petition for certiorari, and accordingly a further stay of mandate for a 30-day period is required by Rule 36(2), with a further automatic extension pending completion of certiorari proceedings if Kerotest continues to proceed in a timely fashion under the rule.

[fol. 95]

II

The protest made by opposing counsel is based on a contention that the opinion and judgment of the Court, dated May 24, requires that the mandate be issued immediately, regardless of any other considerations and in exception to the normal procedure required by Rules 36(1) and (2) of the Court. We find no such direction in the opinion or judgment, both of which conclude with the conventional

phrase that the order of the court below is "reversed and the cause remanded with the direction to enter an order staying further proceedings in this action until ten days after the final determination of the Chicago suit. If, however, the prosecution of the Chicago suit be unreasonably delayed, this court will entertain an application for a modification of the order." There is nothing in this language indicating the slightest intention to modify the normal stay of mandate procedure under Rules 36(1) or (2). It is difficult to see, moreover, how opposing counsel can argue that the judgment and opinion overrule Rule 36(2) without at the same time overruling Rule 36(1), which concededly is unaffected by the judgment and opinion.

III

Opposing counsel complains that no showing has been made as to grounds for seeking certiorari. Rule 36(2) does not require such a showing to be made before the end of the additional 30-day period provided by the rule. The appropriate place for such showing is in the petition, which is intended by the rule to be filed within the additional 30-day [fol. 96] period. After the petition has been filed the sufficiency of the grounds of the petition are a matter for the consideration of the Supreme Court, and opposing counsel's beliefs on the subject are not controlling and do not furnish an adequate basis for disregarding the rules of procedure of this Court to the detriment of the petitioner.

IV

The practical effect of a disregard of Rule 36(2) would probably be to render moot the petition for certiorari, because it would result in the dissolution of the injunction of the lower court before a decision by the Supreme Court could be obtained. We believe, therefore, that Rule 36 of the Rules of this Court applies and should be followed precisely. If contrary action is contemplated it is requested that Kerotest be given an opportunity for hearing before issuance of mandate.

Respectfully, John F. C. Glenn.

JFCG:fmg

cc: R. Morton-Adams, Esq., Pennie, Edmonds, Morton, Barrows and Taylor, Esqs., 247 Park Avenue, New York 17, N. Y.

[fol. 97] UNITED STATES COURT OF APPEALS FOR THE THIRD
CIRCUIT

No. 10302

KEROTEST MANUFACTURING COMPANY

v.

C-O-TWO FIRE EQUIPMENT COMPANY, Appellant

ORDER

Present: Biggs, Chief Judge, and Maris, Goodrich, McLaughlin, Kalodner, Staley and Hastie, Circuit Judges.

And now, to wit, this 12th day of June, 1951, it is

Ordered that the motion of Kerotest Manufacturing Company to stay the issuance of the mandate pending application for certiorari to the Supreme Court of the United States be and the same hereby is granted, and it is

Further ordered that if certiorari be granted that the issuance of the mandate be stayed until the disposition of the cause by the Supreme Court of the United States, and it is

Further ordered that the motion of C-O-Two Fire Equipment Company that the mandate be issued forthwith be and the same hereby is denied.

By the Court, Biggs, Chief Judge.

(Received & filed June 12, 1951. Ida O. Creskoff, Clerk.)

[fol. 98] I, Ida O. Creskoff, Clerk of the United States Court of Appeals for the Third Circuit, do hereby certify the foregoing to be a true and faithful copy of the original Appendix to Brief for Appellant, Appendix to Brief for Appellee, and proceedings in this court in the case of Kerotest Manufacturing Co. vs. C-O-Two Fire Equipment Co., Appellant, No. 10,302, on file, and now remaining among the records of the said Court, in my office.

In testimony whereof, I have hereunto subscribed my name and affixed the seal of the said Court, at Philadel-

phia, this 13th day of June in the year of our Lord one thousand nine hundred and fifty-one, and of the Independence of the United States the one hundred and seventy-fifth.

Ida O. Creskoff, Clerk of the U. S. Court of Appeals,
Third Circuit. (Seal.)

(5732)